CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

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

HOUSE OF COMMONS

Thursday, June 25, 1959

The house met at 11 a.m.

BUSINESS OF THE HOUSE

EXTENSION OF HOURS OF SITTING—ANNOUNCEMENT OF FURTHER LEGISLATION

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That on Monday, June 29, 1959, and on every Monday, Tuesday and Saturday thereafter until the end of this session, the hours of sitting shall be as follows:

Mondays and Tuesdays: 11:00 a.m. to 1:00 p.m., and 2:30 p.m. to 6:00 p.m., and 8:00 p.m. to 10:00 p.m. and;

Saturdays 11:00 a.m. to 1:00 p.m., and 2:30 p.m. to 6:00 p.m. and;

That the order of business and procedure on Saturdays shall be as for Thursdays (government day).

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, on the introduction of this motion, which as a general rule means that the house will prorogue within about three or four weeks, may I ask the Prime Minister whether his anticipation is that the house, with the co-operation of the government, will close before the end of July?

Mr. Diefenbaker: Mr. Speaker, the customary view of the government always is, when this kind of motion is introduced, that we are reasonably approaching the end of a session and that a month away is considered to be the normal anticipation. May I say that, as far as the government is concerned, it will present its program and of course ask for the co-operation of the opposition because, as has been often said in the past, the length of the session generally depends on the opposition.

I think I should mention one piece of legislation at this time in view of the visit of Her Majesty the Queen. Instead of having the gift of the Canadian people constituted within an estimate, it is the intention to introduce legislation to set up the fund and to provide in general for its administration. I hope it will be possible early next week, possibly on Monday—in view of the need to have this matter considered at the earliest possible date—for the resolution to be proceeded with and then possibly after the resolution consideration may be given to the bill itself. I would think hon. members generally would want to co-operate in this regard to the end that by the date of the Queen's arrival here the legislation will have received approval—provided it meets with approval—of this house and the other place so it may become official.

Mr. Winch: In view of this announcement —and I am sorry I did not ask the question previously—may I ask the Prime Minister whether all major legislation has been introduced or whether there is any other legislation still to come forward.

Mr. Diefenbaker: Mr. Speaker, I can give a statement on that early next week. The legislation which is to be introduced was naturally mentioned in the speech from the throne, and I do not know of anything in particular in addition to that mentioned in the speech from the throne. The Minister of Justice has pointed out to me that legislation with respect to humane slaughter might very well receive consideration, depending upon the recommendation of the committee.

Mr. Winch: May I also ask the Prime Minister if it is the intention of the Prime Minister to introduce the bill of rights this session?

Mr. Diefenbaker: Mr. Speaker, at the present time the intention is to cover the legislative program. There have been various representations made, as the hon. member knows, with regard to the bill of rights. Only this morning representatives of the community of Canadians of Chinese origin—

Mr. Winch: I am just asking whether the intention is to introduce it.

Mr. Diefenbaker: —met with me and made further representations. However, there has been no decision made not to proceed, and the general idea at the moment is that the legislative program should be presented at this time during this session, rather than postponing it until a fall session, a short session if you will. I believe the general feeling of the house is that we should complete the legislative program as it was enunciated by the government. The program is ready and it is being introduced as legislation receives the attention of the house, as well as the necessary passing of the estimates.

Mr. Winch: Can the Prime Minister give a definite answer? Is he introducing the bill of rights at this session or not?

Business of the House

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we do not propose to object to this motion. The Prime Minister, however, has said that a motion of this kind is normally introduced when the session is coming to an end. In that connection, Mr. Speaker, I would like to point out that there are still five committees sitting. This will, of course, create a problem for the opposition, but I am not complaining about that. Committees will have to be sitting while the house is sitting, but they are five important committees. In addition to the committees we have still before us for consideration and decision, Mr. Speaker, the bill of rights, crop insurance legislation, farm credit legislation, export credit legislation, combines investigation legislation, which we think should go to a committee before it is finally disposed of, legislation regarding term 29 of the act of union with Newfoundland, amendments to the Criminal Code, and the coal production assistance act.

In addition to that formidable legislative program which includes some of the most important bills of the session, we have still to consider the estimates of certain important departments. Perhaps I can mention particularly the Department of National Defence, which will cause some discussion, I hope. Therefore, Mr. Speaker, it requires a good deal of optimism to feel that this motion is being introduced as we are approaching the close of the session. However, I agree that if the session is to close perhaps this motion is necessary.

I would also like to ask the Prime Minister whether he will give us an assurance, so far as possible, that no additional legislation, except emergency legislation because that exception has to be made, will be introduced, and also whether all the legislation which is to be proceeded with at this session will be on the motion paper by next Monday so we may know exactly what we have to deal with in the closing weeks of the session.

Mr. H. W. Herridge (Kootenay West): Members of this group agree at this time to this resolution in order to facilitate Her Majesty's business, but I think I should take this opportunity to say on behalf of this group that we are of the opinion it is about time we used some common sense with respect to the planning of our sessions. We are, I think, one of the worst groups in Canada for inflicting punishment upon ourselves. Consideration should be given not only to the welfare of members and their families but also to the press and staff of this house by so planning our session that we could meet possibly for a couple of months before Christmas and then reconvene early in January in order to clear up the session's business by, say, the first of June. On behalf of this group I urge the Prime Minister to give some consideration to the introduction of the C.C.F. planning policies in the arrangement of the sessions of the house.

Mr. Alexis Caron (Hull): Everybody is trying to find a way to shorten the session, and I would suggest to the Prime Minister that if he really wants to shorten the session, keeping the Minister of Finance away as much as possible would help to do it.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Before this motion passes, I should like, speaking for myself, to dissociate myself from the views expressed by the hon. member for Kootenay West about starting a session in the autumn. I think the sessions are long enough as it is, and this would simply have the effect of making them longer.

Mr. Winch: I should like, in view of the fact that we have this motion before us which involves the hours of work and, what is more important, the days of sitting of the House of Commons, to ask the Prime Minister whether in consideration of our support of this resolution he will give consideration to the fact that the House of Commons now meets for approximately seven months a year, to the fact that Canada is growing and that the business of Canada and the business of this house is bound to grow in consequence. I suggest to the right hon. gentleman that consideration will have to be given not only to the suggestion made by my hon. friend from Kootenay West but also to the period during which this house sits. I would remind him that it is not enough to think of the convenience of those who live 100 miles or even 500 miles from home. There are those whose homes are 2,500 or 2,700 miles away. There are some of us here who have been home for only five days in the last six months, and who will have been home for only five days in seven months by the time this house rises.

For these reasons serious consideration should be given to a plan by which the house would meet say in the middle of October to debate the speech from the throne and consider preliminary legislation. Then there might be a month's recess, and we could come back in the middle of January to deal with the general business of the house. Then after approximately a month's absence at Easter we could return to deal with the budget and the legislation which flows from

it, and be away by the end of June. Consideration should be given to a plan of this kind without delay. I know, however, that we are all in agreement with this motion, and that we shall support it, because after seven months' absence, I want to find out if I still have a home, a family and grandchildren, and meet them all again.

Motion agreed to.

TRADE

STATEMENT ON DISCUSSIONS WITH PRESIDENTS OF EUROPEAN COMMUNITIES

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I should like to make a short statement concerning the visit of the presidents of the three European communities to Ottawa on June 22 and 23. On the invitation of the Canadian government the presidents of the executive bodies of the three European communities, Dr. Walter Hallstein of the European economic community better known as the common market, Mr. Etienne Hirsch of the European atomic energy community or EURATOM, and Mr. Paul Finet of the European coal and steel community visited Ottawa on Monday and Tuesday of this week and had discussions with the Prime Minister and ministers and officials dealing with trade and economic matters.

As hon. members know, these three communities bring together six western European countries, France, West Germany, Italy, Belgium, the Netherlands and Luxembourg, and provide for the gradual establishment of a single economic area within which goods, persons and capital would move freely behind a common external tariff. EURATOM provides in addition for a pooling of the efforts of the six countries in the peaceful development of atomic energy and in the construction of the basic facilities required for the development of nuclear energy within the community.

It is not necessary to emphasize that the constitution in Europe of a large integrated economic area grouping six industrially advanced countries which count among the major trading countries of the world is bound to have a profound impact on the pattern and development of international trade generally, and more particularly on Canadian trade. We therefore welcomed this opportunity to meet these distinguished representatives, to learn from them at first hand of these European developments, and at the same time to explain Canadian interests in these trading arrangements.

I think the presidents' visit was most successful and useful in accomplishing these purposes. We were encouraged by many of the things they said to us and also by their own broad and sensible approach on these important trading matters.

For our part we were able, I think, to impress upon them the genuine and long-standing sympathy and interest that Canada has shown for the objectives of economic and political integration in Europe. At the same time we emphasized again our concern that the new European economic and trading arrangements should not be developed in such a way as to create new barriers and restrictions for the trade of outside countries such as Canada.

We discussed briefly the significance of the advent of external convertibility for the major European trading currencies, and assured our visitors that nothing could do more to remove the fears and misgivings of outside countries concerning the European economic community than the early removal of the apparatus of discriminatory import controls and restrictions in Europe. These controls had been established because of balance of payments difficulties which have now largely disappeared, and had impeded the normal development and the pattern of trade ever since the war. The strength and vitality of the European economies made such a move possible, and as a first step any discrimination which remained against dollar imports should be removed; we made it plain that in our view discrimination has lost its purpose and its justification.

Dr. Hallstein and Mr. Finet have now returned to Europe. The president of the European atomic energy community or EURATOM, Mr. Hirsch, remained to visit our Chalk River establishment as a guest of Atomic Energy of Canada and will be departing today. I should just like to add that I think these discussions were extremely helpful for both sides.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we welcome the statement the minister has just made. I think a visit of this kind by representatives of these European agencies to Ottawa at this time is important and I am sure the discussions have been useful. All of us are very conscious of the importance of these developments, both political and economic, toward European integration, and I think they are to be welcomed. But in the economic field it is to be hoped, as the minister has pointed out, and indeed it is very important to Canada, that the removal of trade barriers within a European group should not mean the raising of trade barriers against those outside the group.

No country, Mr. Speaker, has a greater stake in this matter than Canada. The time

is coming when we shall soon have to work out our relationship with such agencies as the common market. It had been hoped that the common market would be extended to the European free trade area. Delay in that extension has resulted in those European countries outside the common market beginning to consider the establishment of another European common market. It would be a most unfortunate thing for the world, and certainly most unfortunate economically for Canada, if the development of those great trading agencies took place in a way which prejudiced the multilateral trade of a country like Canada. I know the government is very much aware of the importance and indeed the danger of that development.

It is interesting to recall, Mr. Speaker, that the European share of international trade is increasing. In 1952 United States and Canadian exports accounted for 27 per cent of all world exports, but in 1957 that had gone down to 26 per cent. The sterling area accounted for 26 per cent in 1952, and that had gone down to 23 per cent in 1957; but Europe exported 28 per cent of all goods in 1952 and 32 per cent in 1957. The increase was accounted for almost entirely by the countries of the European common market. The same situation prevails in imports. North America purchased 20 per cent of all world imports in 1952 but only 19 per cent in 1957; the sterling area 28 per cent in 1952 and only 25 per cent in 1957, while the comparable European share, confined almost entirely to countries of the common market, was 29 per cent in 1952 and 34 per cent in 1957. These figures are a graphic indication of the importance of this European economic development, and it is especially important that these developments should take place in a way which will not prejudice multilateral trade in the world.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, because of the great dependence of Canada on exports and the value of her external trade, these common market proposals are of first importance to our country. We support wholeheartedly the emphasis placed by the leader of the official opposition on that aspect of this question and the necessity for the full development of multilateral trade relations. However, Mr. Speaker, we hope the spirit of the words "common market" will become a reality in our multilateral trade developments in association with this common market group.

We have the word "common", meaning equality, belonging, working together; then the word "market" meaning gathering together for the purposes of trade or satisfactory exchange. Mr. Speaker, if the terms are given effect as the result of discussions, meetings and co-operation, as evidenced by the report of the meeting the Secretary of State for External Affairs has referred to; and if we bestir ourselves in the proper spirit and purpose, these arrangements will be to our mutual advantage, and prove a worthwhile project by the results in years to come.

[*Later:*]

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Secretary of State for External Affairs whether any advances or proposals were made by spokesmen for the European common market to the effect that Canada might be invited to become a member? Or has the government of Canada, at these meetings, made any proposals to the European countries whereby Canada would offer to associate itself with the countries in the European common market? Or, failing either of these possibilities, has the department undertaken any exploratory work to investigate the possibility of Canada becoming actively associated with the members of the European common market?

Hon. Howard C. Green (Secretary of State for External Affairs): No, there was no such discussion, and there is nothing under way leading in the direction of Canada becoming a member.

[*Later:*]

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Minister of Trade and Commerce whether any discussions took place with the head of EURATOM on the question of supplying Canadian uranium to that international agency?

Hon. Gordon Churchill (Minister of Trade and Commerce): I was unable to participate in those discussions because of attendance at the agriculture committee, where the wheat board were present. However, we have kept closely in touch with the organization of EURATOM and have pressed the point with regard to the supply of uranium from Canada. We have the closest co-operation with that authority in Europe, and representatives of that authority have been closely associated with the development work going on at Chalk River, so I think our position is quite clear in respect of the possibility of supplying uranium to meet their requirements.

BUSINESS OF THE HOUSE

INQUIRY AS TO AMENDMENT OF BROADCASTING ACT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister. Can he tell the house whether it is intended to introduce this session the amendment to the Broadcasting Act forecast in the speech from the throne?

Hon. George C. Nowlan (Minister of National Revenue): No, Mr. Speaker, it is not intended to introduce an amendment this session.

CIVIL DEFENCE—INQUIRY AS TO CALLING ESTIMATES

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the house leader this question. In view of the fact that he says that before the end of next week we will be discussing the estimates of the Department of National Defence and the Department of Defence Production, will it be possible to bring on before the end of next week the estimate for civil defence under the Minister of National Health and Welfare?

Hon. Howard C. Green (Minister of Public Works): As the estimate dealing with civil defence comes under the Department of National Health and Welfare, and I am quite sure the hon. member for Essex East will be making at least one and probably more long speeches on the first item of the estimates of that department, I therefore think it would hardly be appropriate to call both estimates at the same time.

Mr. Martin (Essex East): I have a supplementary question. My hon. friend is quite right in saying that when we come to the Department of National Health and Welfare the hon. member for Essex East will have many constructive things to say. But as my friend the Secretary of State for External Affairs knows, the government has decided now to apportion the responsibility for civil defence among three departments of government, namely the Minister of National Defence, the Minister of National Health and Welfare, and the Prime Minister and civil defence is not normally regarded as fully integrated under health and welfare.

Some hon. Members: Order.

Mr. Martin (Essex East): I would say—

Mr. Deputy Speaker: I must point out to the hon. member that the purpose of asking questions is to secure information, not to make statements.

Mr. Martin (Essex East): Now that Your Honour has recognized the foundation for my question I would simply ask the Minister of Public Works or the Secretary of State for External Affairs or the leader of the house whether he would be good enough to arrange that all defence matters, including civil defence, might be discussed at the same time.

Mr. Green: Mr. Speaker, I am always anxious to meet the wishes of my old friend the hon. member for Essex East, but I am afraid I cannot do so on this occasion.

Mr. Martin (Essex East): Then we will have to continue on civil defence.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR STATEMENT BY MINISTER ON CURRENT SITUATION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to ask the Minister of National Revenue, as the responsible minister for the C.B.C., if he is now in a position to give a report on the situation in that organization which, it is apparent, is most important to all of us.

Hon. George C. Nowlan (Minister of National Revenue): No, I am not. As hon. members know, I was not in the house yesterday because of a commitment which I made months before to address the biennial conference of the taxation officers of the Department of National Revenue who were meeting in St. Catharines. I left here the night before last and unfortunately was away from the house yesterday when several questions were asked of me, one detailed one by the Leader of the Opposition asking for specific information and others by the hon. member for Essex East, the hon. member for Laurier, and so on.

On the way to St. Catharines yesterday morning I saw some of the directors in the Royal York, had a cup of coffee with them and discussed the situation briefly. They told me that later in the day they were meeting some of the senior directors of the corporation and having a consultation with them. I went on to St. Catharines, returned late last night and caught the train. I bought a *Globe and Mail*, and after the train had left Toronto I read the *Globe and Mail* and found that some developments had taken place during the day. That was the first intimation I had about it.

The senior officials and Mr. Bushnell, I am told, are still in Toronto although I believe the directors finished their regular session last night. I have not been able to communicate with them. I do not want to make a statement of any kind unless I have very specific information from the corporation. I would ask that the house permit me to deal with this matter on Monday, and in the meantime I shall be able to obtain detailed instructions from the corporation on what are the facts.

Mr. Winch: May I ask a supplementary question. Has the minister noticed a report in the newspaper to the effect that the C.B.C. has not accepted the resignations of the 32 people, I believe it is. In view of the fact the committee has asked three of these people to appear on Tuesday at 9.30 and they have said they would do so but not on the basis of being still employed, would those three be protected on that basis?

Mr. Nowlan: I do not know what the hon. member means by "protected". I said I will answer the questions on Monday when I have accurate and detailed information, which I do not have now.

Hon. L. B. Pearson (Leader of the Opposition): In order that the house may be fully and accurately informed—I might say I appreciate the minister's position, and the fact that he will reply to some of these questions on Monday—will the minister consider making available to the house copies of statements made by the acting president of the Canadian Broadcasting Corporation over the radio or television or to the press in connection with this matter?

Mr. Nowlan: If such copies are available I would do so.

IMMIGRATION

LATVIAN FISHERMEN—CONSIDERATION OF REQUEST TO ENTER CANADA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I might ask the Minister of Citizenship and Immigration if she has any further information to communicate to the house about the Latvian refugees in St. John's?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I think the answer must be in the negative, but we are in constant touch with the situation. As the hon. member knows, it is not an easy problem to solve, but the officials of this department are working constantly on it and I hope to have an announcement to make the first of the week.

Mr. Pickersgill: Can the hon. lady answer the supplementary question I asked yesterday, as to whether the government still follows the policy of making no deportations behind the iron curtain?

Mrs. Fairclough: No, Mr. Speaker.

DEFENCE PRODUCTION

TABLING OF REPORT OF DEFENCE CONSTRUCTION LIMITED

On the orders of the day:

Hon. Raymond O'Hurley (Minister of Defence Production): I have this morning deposited the English copy of the report of Defence Construction Limited. I am sorry to inform the house that the French copy is not available as yet. I expect to have copies of the report of Crown Assets Disposal Corporation in both English and French available soon, and I expect the French copy of the defence construction report will be ready in a few days.

NATIONAL DEFENCE

RE-EQUIPPING OF ARMED FORCES IN EUROPE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of National Defence. In view of the fact his estimates are coming up shortly I wonder if, prior to the consideration of his estimates, he would make a statement on behalf of the government concerning the re-equipping of the armed forces overseas, and in particular the R.C.A.F., which I think is of interest to all hon. members.

Hon. G. R. Pearkes (Minister of National Defence): The fact that my estimates have not been before the house before now is not entirely my fault, as they were to come up a few weeks ago but at the request of the Leader of the Opposition, who was not available when they were proposed, they were postponed.

With regard to the other part of the question, the matter is still under consideration and I hope that by the time the estimates are considered I shall be able to make a statement regarding the re-equipping of the air division.

Hon. L. B. Pearson (Leader of the Opposition): On a question of privilege, Mr. Speaker, the minister mentioned that his estimates would have come up some time ago had it not been for a request I made, and a statement that I would not be here. It is true that there was one day during the last month when I said I would not be here if the minister's estimates were brought up, and

the house leader was courteous enough to say that they would not be brought up at that time. However, since then we have been discussing the estimates of other departments during the last few weeks, and these estimates could have been considered on any one of those days.

Hon. Howard C. Green (Minister of Public Works): It is expected that these estimates and those of defence production will be brought up next week.

Mr. Winch: Did I understand that there was a statement as to when the estimates were coming up?

Mr. Green: Yes, we expect to bring the estimates of national defence and defence production before the house next week.

Mr. Winch: That would be the end of next week?

Some hon. Members: Sit down.

Mr. Winch: That would be the end of next week; the beginning or the end of the week?

Mr. Green: Under the rules we have to take legislation on Monday and Tuesday. We shall not get to the estimates until Wednesday or Thursday.

SUFFIELD, ALTA.—EXPERIMENTS IN GERM WARFARE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I regret once again to have to disturb the Minister of National Defence from his angle of repose but I wish to ask him a question at the request of a religious organization in Alberta. Is the Department of National Defence conducting experiments in germ warfare at Suffield, Alberta?

Hon. G. R. Pearkes (Minister of National Defence): Yes, Mr. Speaker. The department has been conducting experiments of a defensive nature at Suffield station. The objective of these experiments is to ascertain how best the spread of diseases which might be started by an enemy using biological warfare practices could be restricted.

Mr. Herridge: I have a supplementary question. Is the minister quite certain that these tests do not present any hazard to the health of people in the surrounding communities?

Mr. Pearkes: Suffield station comprises a very large area and movement is restricted in that area. I am satisfied that there is no danger of the results of these experiments affecting in any way personnel, cattle or crops in the surrounding districts.

SUPPLY

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

ROYAL CANADIAN MOUNTED POLICE

Headquarters administration and national police services—

362. Operation and maintenance, $6,270,114.

Mr. Howard: Mr. Chairman, I will just wait a moment until the private discussions cease.

The Chairman: Order. I wonder whether hon. members who are leaving the chamber will do so quietly so we may hear the hon. member for Skeena, who has the floor.

Mr. Howard: The important part, Mr. Chairman, is that because of the chit-chat and noise that is going on I did not hear the comment made by an hon. member down at the other end of the chamber. Last evening I had occasion to make quite a few remarks. In order to consolidate my thoughts all at one time, perhaps I may be allowed the liberty of covering a bit of the same ground again.

I mentioned that as far as the Royal Canadian Mounted Police enforcing particular laws is concerned, sometimes in the enforcement of those laws the R.C.M.P. make quite a number of enemies and bring a bit of discredit to the force itself. This does not arise because of the actual enforcement of the law itself or the manner in which the R.C.M.P. conduct themselves during the enforcement of some particular laws, nor from the exertion of force which they might find necessary in order to maintain law and order. Sometimes they fall into disrepute because the law itself is considered to be inequitable, especially by the people who fall afoul of it.

I am not suggesting in any way, of course, that our laws should not be enforced, but I make specific reference to what I and many other people consider to be an inequitable set of laws, notably those relating to alcohol and liquor as it applies to native indians. In speaking with members of the force in private conversations, I have asked for their opinions as to whether they think the liquor laws—and this applies to British Columbia particularly—as they apply to our Indian people are equitable or whether they could be changed. Without exception the members of the force with whom I spoke were of the opinion that there should be an alteration in the laws in so far as they apply to native indians. They felt that they were inequitable because the liquor laws apply differently to Indians than to non-Indians.

Mr. Fulton: Mr. Chairman, I rise on a point of order. My hon. friend is touching on a matter which I must confess presents a number of problems to the force. But the fact of the matter is that the provisions of the liquor laws as they affect Indians are not the responsibility of the Royal Canadian Mounted Police. Their only responsibility is to enforce them. Nor does the Department of Justice have the direction of policy that should be incorporated in those laws. While I appreciate my hon. friend's interest and his desire to be helpful, may I suggest to him that he might be more helpful if he would direct his remarks to the Minister of Citizenship and Immigration when the question of Indian affairs arises.

Mr. Howard: If I may I should like to make a comment on the point of order. It is not my intention to discuss the actual laws themselves, which involve both the Department of Citizenship and Immigration and the provincial governments. What I was seeking to do was to relate the enforcement of the law—whether it be provincial or federal is immaterial because the R.C.M.P. in certain circumstances enforce the laws within a province—and to develop the theme that by the enforcement of certain types of laws the Royal Canadian Mounted Police fall into disrepute and can have charges levelled against them.

That is the theme I was seeking to develop rather than the actual law itself, and perhaps I may be in order in that regard in pointing out that the force itself loses some of the stature it may have developed over the years, as police forces should develop such stature, because the laws they seek to enforce may be inequitable and may not be accepted by the citizens to whom they apply.

As to the question of alteration of the law, my friend the Minister of Justice is quite correct in saying that this question not only should be but has been discussed under the estimates of the Indian affairs branch, and I am sure will be gone into in more detail during the proceedings of the joint committee on Indian affairs which is currently meeting.

In that regard—and as I said I have spoken with members of the Royal Canadian Mounted Police about this one specific phase of the enforcement of the law, the liquor laws, in so far as native Indians are concerned—I wonder whether at this stage I might pose a question which the minister might answer now or later. I would like to know whether the views of the R.C.M. Police, not the administrative or top officials at Ottawa or elsewhere but the ordinary rank and file members of the force, are ever ascertained or requests made for suggestions for the better use and operation of the force itself.

This question of the R.C.M. Police falling into disrepute in the eyes of some people and the resulting verbal charges which have been made, such as charges that they were engaged as strikebreakers, results merely from the application and enforcement of the present laws applying to private property, obstruction of roads, and so on. In one sense of the word the people who level these charges of strikebreaking against the R.C.M.P. could be quite properly justified in so doing, not because of the fact that they are in the strict sense of the word strikebreakers, as they are commonly known, but merely because of their actual enforcement of the law itself. That is the theme of my remarks.

There is another problem which I think the minister could take under advisement. Perhaps he has done it already, but in any event it relates to the respect or degree of respect for the force itself which people in various parts of the country may have. I have noticed, though I do not know the percentages, that there are quite a number of young people in the R.C.M. Police. In fact in some instances I believe there are members of the force who are actually under the age of 21 and have difficulty in entering beer parlors in order to see that the law is maintained in those particular establishments because they are not old enough to go in themselves.

Because there are a number of young persons in the force I believe some difficulty arises in the actual enforcement of the law in certain parts of the country, where there may be a large number of young constables, because of the fact that they may be immature and may not have been in the force very long. As in the case my hon. friend from Athabasca mentioned yesterday, the constable concerned was only in the force a short while and had not even been supplied with a uniform, yet he was asked to go out and participate with other members of the force in some sort of engagement, and he wondered whether with his lack of experience he should be called on to do that sort of thing.

There is this attitude existing, and I think it is rather widespread among the population, especially those who may come into close contact with the R.C.M. Police; not people, say, in large metropolitan areas but people in outlying areas who have the opportunity to come into closer contact with the force and meet them personally in their activities as law enforcement officers. They find there is a lack of diplomacy on the part of certain younger members of the force which tends to aggravate the relationship between citizens of the nation and the force itself and I am sure if we can engage to a greater extent

in some sort of Dale Carnegie course amongst the younger members of the police force on how to influence people and use tact and diplomacy in the enforcement of the law, in that way we could overcome much of the difficulty and the aggravated and upset feelings that many honest and upright citizens in the community have with respect to the R.C.M. Police or certain members of it.

Mr. Broome: Mr. Chairman, I would like to draw one item to the minister's attention; it may be covered in other legislation but I have not been able to determine that. I refer to the case of men who enlisted with the R.C.M.P. in the first world war as reinforcements to overseas units. In the particular case I am referring to a man while training at Regina was thrown from a horse and suffered shoulder injuries, and was later discharged from the R.C.M.P. Later on he enlisted in an army unit but was again discharged as medically unfit.

People in his position find that the revisions of the R.C.M. Police Act have not taken care of them, although they did with regard to the second world war. The provisions were not extended back far enough to take care of people who suffered this type of injury in the first world war, and this man is precluded from receiving medical treatment at military hospitals because he has not had service. Yet his injury took place while he was training with the R.C.M.P. on the basis of going overseas.

My question to the minister is this. Is there any provision in the act as it is being amended, either in the pensions act or the Royal Canadian Mounted Police Act, which will take care of cases such as this?

Mr. Fulton: Mr. Chairman, first with reference to the remarks made by the hon. member for Skeena, he asked me whether there was any definite policy of encouragement given with regard to suggestions made by members of the force in connection with problems they encounter in administering or enforcing the law. As I indicated when I rose to suggest that perhaps this was not strictly in order on these estimates, I do appreciate that there are always some laws which are not greeted with absolute favour by various segments of the population, and this does bring difficulties in enforcement.

The responsibility of an individual member as a policeman is not to question the propriety or wisdom of the law, but to discharge his duty of enforcing it with tact and diplomacy. We are aware that the liquor laws, particularly, are the subject of criticism by the Indian population and by others interested in their behalf, and I am very hopeful that the joint parliamentary committee, now sitting, may make some wise and constructive suggestions in that regard.

It is the policy of the force to encourage suggestions from its members, and there are various channels and means by which this can be done. There are the regular annual inspections by personnel officers, in the course of which or in the preparation for which every member is interviewed every year, and either the personal problems or the suggestions he may have with respect to difficulties he has encountered in connection with the discharge of his duties as a member of the force may be brought up by him, and should be brought up by him, with the personnel officers in the course of the annual inspection. Section n.c.o.'s are encouraged to make reports, not only factual reports as to what has gone on but reports containing recommendations or suggestions with respect to the problems they have encountered in the course of administering their sections. It is also open to any member to make recommendations whenever amendments to such laws as the liquor laws might be up for discussion. I would also point out that the R.C.M.P. are part of the suggestion award system organized by the civil service, and that it is open to a member to make any specific suggestion in that way at any time he feels inclined to do so.

With regard to the other comments of the hon. member, that members of the force should at all times be encouraged to exercise tact and diplomacy in the enforcement of the law, this is something which forms a definite part of the training they receive at the police training institutions here and in Regina. We do not claim to be able to produce perfection, but we do claim to be able to set a high standard and to place a great deal of emphasis upon the fact that every police constable in the discharge of his duties has the duty to maintain the Queen's peace; that he is not there to adopt an attitude, in any sense, of being somebody superior to the ordinary citizen of the country. He is there primarily to protect the citizens of the country from those who seek to break the laws of the country, and it is instilled into him that no person is guilty until he is proved to be so and that it is not his job to make a decision as to the guilt or innocence of anyone he may be investigating. That is for the courts of the land to decide.

In all these ways we try to impress upon the constable his proper role, and I think it is fair to claim that we achieve a satisfactory degree of success. But no system can produce perfection, and there are errors made by individual constables, as there always will be errors made by human beings; but as far as

possible we endeavour to instil into these recruits the principles I have briefly outlined. We do also make a very serious attempt to maintain a close supervision of the activities particularly of the younger members of the force, and to counsel, advise and help them to discharge their duties in a responsible manner acceptable to the general public. While I do not deny that there are occasions —and we investigate those occasions—when things go wrong, I think in general the public of Canada is well served by the force and by the training system through which the recruits go before they are sent out to discharge their duties.

With regard to the question raised by the hon. member for Vancouver South, the new pension legislation which is now before the committee of the whole does contain a provision in clause 36 which I believe may be the answer to the problem he has outlined. If it is not out of order, perhaps I could just read it. If enacted it would read:

> Where a person has, either before or after the coming into force of this subsection, suffered a disability as a result of any injury or disease or aggravation thereof that arose out of, or was directly connected with, his service in the force, he may be granted compensation, including medical and hospital expenses, at such rates and in such manner as the governor in council may prescribe.

That may take care of such cases, but of course the bill provides that the adjudication of such cases is the responsibility of the Canadian pension commission. It is for the commission to determine the extent of disability and whether or not a member is entitled to hospital treatment.

Mr. Fisher: The minister will remember that on previous occasions when his estimates were before the committee there was some discussion and some statements by him with regard to investigations carried out by the R.C.M.P., the directorate of security and intelligence and that aspect of the work of the force. He indicated that there was a considerable study going on in so far as the files kept on individuals are concerned, and especially in relation to the case which the hon. member for Bonavista-Twillingate brought up relating to the Canadian Broadcasting Corporation.

In the past year I have had a number of cases brought to my notice which indicate to me that the amount and kind of investigation which the R.C.M.P. do in cases where they sometimes, for example, recommend that citizenship applications should not be allowed is really rather superficial, and some of the information that must be garnered, or at least the information that is garnered, hardly seems to me to be sufficient, judging from my conversations with people who have been turned down.

[Mr. Fulton.]

The one thing that has struck me about all those to whom I have talked whose applications have been turned down is that for the most part they are simple people. There is nothing complex about them; they have given me no indication of anything scheming or Machiavellian about them. I am thinking especially of the case I brought up in this house in connection with the Finnish organization of Canada and some of its cultural activities. There is no question at all in the minds of people at the lakehead that the Finnish organization has, to a certain extent, a connection with communism or communist organizations, but where you have an organization which is carrying on gymnastic activities, road racing and drama activities, and drawing people from the Finnish community into those innocuous activities, it does seem to me unwarranted that membership in that organization should be used in order to deny citizenship, and it does give rise to certain qualms.

I should like to ask the minister whether he is continuing the study of the files that are kept and of the role of the R.C.M.P. with regard to them. I should also like to ask him if he has considered further the suggestion made two years ago that this whole aspect of the functions of the R.C.M.P. should be divorced from that force and put under a separate staff under the Department of Justice. The logic of this move is, it seems to me, that the R.C.M.P. are engaged in a great many activities including common police work, and one of the most disturbing features in a number of cases going back through the parliamentary record is the fact that the ordinary constable trained in police work is quite often collecting information regarding activities of a possibly subversive nature. When you have 20-year olds or 22-year olds out gathering information and going from door to door around a neighbourhood in connection with someone who seems to be suspect, I think we can really doubt both the efficacy and fairness of this kind of procedure. I think this is a very good point in favour of the suggestion that the whole of this anti-subversion work and intelligence work be divorced from this police force and put into the hands of specialists who would be directly answerable to the Minister of Justice. I should be very interested in the minister's comments on these remarks.

Mr. Fulton: The type of investigation to which the hon. member has referred in his closing remarks would, I imagine, be a routine security check which would not involve a high degree of judgment in assessing the information. The hon. member knows that we are called upon from time to time to report upon the activities and associations of

individuals in connection with various matters. We, of course, only carry out such functions when we are requested to do so by an organization such as a government or a department which is properly entitled to request them.

The important point to bear in mind is that it is not the function of the R.C.M.P.—indeed, I can state on the basis of knowledge I have acquired that they are scrupulous in avoiding the exercice of this function—to assess the acceptability or the unacceptability of an individual on the basis of security. It is the function of the police exclusively to collect information as to what have been the activities of this person, what the record shows, and then they pass on that information to the agency concerned which makes its assessment as to the suitability or otherwise of the person for the employment for which he is applying or for citizenship or whatever the case may be.

The police themselves do not judge and render a verdict whether or not a man is suitable. They simply report what are the facts, and with respect to what I call such routine investigations it is true that on occasion we may employ the services of relatively young constables because it is to that extent a routine investigation. But the security and intelligence work of a type which involves assessment or judgment of what is going on is, of course, invariably done by specially trained and relatively senior personnel of the force.

Mr. Fisher: If the basis of the judgment is material gathered, as the minister seemed to indicate, by young and inexperienced people—

Mr. Fulton: I said that occasionally we may use a young and relatively inexperienced constable for the purpose of a routine investigation to establish the facts, not to form a judgment.

Mr. Fisher: What about the question of the facts which seem to determine the judgment?

Mr. Fulton: Those are reported to the agency making the inquiry, and it is left to that agency to reach their own judgment on the basis of the facts reported.

Mr. Fisher: How long are facts kept on file? For example, take someone who 15 years ago was a member of the Finnish organization and may be completely away from it now. I have to come back to this point because in two cases I can think of I can go to people who have been turned down with respect to bringing relatives into the country from behind the iron curtain or with regard to having a citizenship application approved, and I can get affidavits from a number of people as to their good citizenship. I know one person who was turned down who had been recommended very strongly by the provincial Conservative member for Port Arthur. I should like to know more about the standards that are applied. How can we be sure that some information that no longer has any relevance to the state or political attitude of the person involved is not taken into consideration?

Mr. Fulton: Mr. Chairman, it is the duty of the force to make a report to the government or department of the government in every case where we are called upon to give information. As I say, we do not attempt to influence the decision of the department as to the judgment it may come to on the basis of the facts we may report. If we are asked to report on an individual and we have a file on that individual, then as I conceive it it is the duty of the police to make the report available; but I know on the basis of my experience, from discussions with my colleagues and in another capacity in another department, that my officials and I myself feel free to exercise a judgment and that judgment will be influenced in all cases, I would assume, by the length of time that has elapsed since the last report of any association such as that which my hon. friend indicates, and will also be influenced by the presence or otherwise of affidavits from responsible persons indicating that these matters are all well in past years and that there is a new pattern established at the present time. It still remains the duty of the force, if we are called upon to do so by some properly authorized person, to report upon the facts available with respect to an individual.

Mr. Fisher: I will not quarrel with that, but in all the statements I have read in connection with this matter the minister has said that information in the files cannot be released, for example to members of parliament. You cannot even find out whether there are files on members of parliament. But is there not some way we can discover what your standards are for keeping information, and what you consider properly subversive or dangerous to the state? Could not some kind of general memorandum be prepared so we could get some idea of what is involved when a person is turned down? It hardly seems to me that you have to be secretive as to your standards.

Mr. Fulton: Mr. Chairman, I think my hon. friend is getting into a realm which again is not the job of the police because, as I say, we do not form the judgment. There are, of

course, different standards required for different positions. Positions classified as security positions may require a higher standard of certainty and of safety with respect to subversive activities or actions than other types of positions, but those are all matters which are determined by departments other than the R.C.M.P. They are determined by the department concerned with the employment. We, as I have said before, maintain records—that is admitted—and, if called upon to do so by a department or agency entitled to call for it, we are required to make a report as to the information in our possession with respect to that individual.

Mr. Fisher: Mr. Chairman, the minister is emphasizing the passive nature of this particular directive, but in the brochure issued by the Royal Canadian Mounted Police it is stated:

> The directorate of security and intelligence must be prepared at all times to counter subversive activity. In the job of preserving national security, its chief tasks at present are to investigate communist activity and subversive organizations, maintain a watchful eye on the stream of immigrants, and in co-operation with other government departments foil efforts to place subversives in the federal government employment and vital industry.

Those are pretty positive chores that are given in this directive. I think the communist scare in terms of internal risk has certainly subsided enough that we should have some kind of assessment as to what you consider subversive. Give us an idea of some kinds of organizations that are subversive. I am sure that a great many people in the lakehead region would have nothing to do with the Finnish organization of Canada if they were perfectly clear in their minds that the government considered it subversive. Where are the definitions in this field? In all innocence people can get tied up with an organization like that; yet, judging by the experience of this lady who applied for citizenship, it is a definite black mark. Why do we have to have this zone of silence or this area that is unknown? Why can we not have a statement? It does not involve giving away any particular secrets that I can see. It is just an enunciation of what is considered subversive.

Mr. Pickersgill: Before the minister answers I should like to put a question to him supplementary to that asked by the hon. member for Port Arthur, and then the minister can perhaps answer both at once. I think the minister has rather left the impression from his answers that the information gathered by the police is given in the raw or crude form to other government departments. I wonder whether the minister can tell us what steps are taken to make an evaluation of information gathered, as the minister himself says, sometimes by constables without much experience, and what the police do before they supply information to other departments. Obviously it is not supplied just in the form in which it is collected.

Mr. Fulton: To reply to the last question first, as I am sure my hon. friend knows the answer might vary according to the form of the request. If the request is for advice with respect to whether there is any record of association with subversive organizations, that answer would probably be given by a relatively short yes or no; not exactly yes or no—

Mr. Pickersgill: I do not think the minister—

Mr. Fulton: I think I will come to it in a moment—in a manner which is pretty well just an answer to the question. If the department concerned asks for particulars and says, "We want to look into this matter further", then the force will supply the particulars by showing what information is on file as to the record.

There are occasions when the force is asked to make an evaluation, and I shall come to this directly. As I have said, I have had experience on this from both directions, both as the acting minister of citizenship and immigration and as Minister of Justice; and I can say, that the force is scrupulous not to make any evaluation and to be the judge as to whether or not this person is a security risk. They will, however, make an evaluation, if asked, as to the nature of any subversive organization to which the persons concerned may be shown to have belonged. But again this is a statement of fact, and it is up to the department or the agency concerned to make its own decision as to whether or not the facts disclosed warrant a favourable or unfavourable decision on its part.

Mr. Pickersgill: I do not think the minister has answered the question I asked. Probably it is because I asked it clumsily. This information about an individual is not necessarily all gathered by one constable, and certainly I think I am not betraying any secrets when I say that the information which is provided to another minister by the police is not the question—perhaps the minister would let me finish—and answer type that a policeman gets when he goes out and interviews people. It is a statement which is obviously, in many cases, a composite of various bits of information.

I thought that would help the hon. member for Port Arthur. I think he has a very legitimate question here which is in the minds of many people. I know many people came to me when I was minister of citizenship and

immigration about the very kind of thing the hon. member is talking about. I think the public might be very much reassured if we were told not how the police made an evaluation as such, but how they assess the information; because some of the information is of such of trivial character that it would not be passed on. What trained and competent people do this?

Mr. Fulton: My hon. friend, I am sure, did not try to suggest that my answer had suggested that the constable reports directly to the agency asking for information. These reports are, of course, sent in to the directorate of the security and intelligence agency of the force. As my hon. friend said, there may be a number of reports from different sources. These are evaluated in the security and intelligence agency. Perhaps what my hon. friend is asking me is what is the process by which they are evaluated as to the importance to be attached to them. There are, of course, different degrees of importance. If that is the question I think I can answer it in this way.

Mr. Pickersgill: I did not want to be unfair to the minister in any way. I think I know the answer myself.

Mr. Fulton: They are evaluated—

An hon. Member: Why ask the question, then?

Mr. Pickersgill: Because I think the public would like to know.

Mr. Fulton: If I may be permitted to answer, they are evaluated with respect to the reliability of the source of information. That is perhaps a feature that I should have realized would be of interest to the hon. member for Port Arthur in asking the question, because the department asking for the information will, of course, have the responsibility for making its decision, of assessing the weight to be attached to the information, and they are advised by the force as to the reliability of the source of information from which this record is compiled, or the various sources from which the record is compiled.

In the light of this discussion I should say, however, something with reference to a remark made earlier by the hon. member who started the discussion, and that is that we have absolutely no information to indicate that we would be justified in relaxing the security precautions that we took with regard to subversive activities in this country, no information whatsoever that would justify us in relaxing those at all.

Mr. Fisher: Does the minister mean by this that the threat is as dangerous in terms of numbers and potential as it has been ever since 1946?

Mr. Fulton: Mr. Chairman, I do not want to be drawn into a discussion of degrees of danger. I will say this, that the efforts being made now are as great as they were in 1946, and I have already said we have no information or indication that would justify us in relaxing those efforts.

Mr. Fisher: Mr. Chairman, let me return to one example that I used. There are approximately 20,000 people of Finnish stock at the lakehead. They are referred to as red Finns and white Finns. This is a cleavage that tends to split the community. I might say, to be fair, that the majority of this particular group have proved their loyalty, their allegiance and everything else. In the main I feel you can apply this to almost the whole group. If you want to analyse the Labour Progressive party vote you will find there has been a diminution that is exceptional.

When I brought up the matter of this woman who was turned down for citizenship I got all this publicity from the Toronto *Star*, and one of my acquaintances in the police force, who works in close association with the R.C.M.P., flatly said to me, "You want to get out of that. The Finnish organization of Canada is a communist organization; it is on the list of the bad ones". Why could we not know what organizations or groups there are in Canada that the R.C.M.P. consider subversive or dangerous? Is it a question of trying to protect the innocent people who may unsuspectingly get into such organizations? Should we not as the general public have the opportunity to judge the validity of the decisions made by the R.C.M.P. as to what organizations are subversive? Is it not possible that organizations can change and alter in their attitudes and in their personalities, and so alter the relative nature of their subversiveness?

Whenever we have a discussion of this kind from this new broom that was going to sweep clean and check up the bureaucracy all we get is the same type of stone wall. I do not see why there cannot be more frankness in this particular area and why we cannot know more of the standards that are applied in determining security risks and subversiveness. The situation in the last couple of years has given us so few indications of real risk that I think it is about time we looked at this again.

I like to feel that I am in the liberal tradition and always have suspicion of any police activities which are protected from the

knowledge of the communality. I think we have to keep alert and vigilant in this particular field. Any time we give an organization authority and work to do that we cannot examine openly and know how they are working, we have to watch very closely; we have to check on it on occasion to make sure it is needed; that the dangers are so severe and terrible that we allow this particular type of police organization to be free from the surveillance of the elected representatives.

I do not feel personally that we have had that kind of reassurance from the minister either this morning or on the two previous occasions he has spoken on this topic. I do not think any member of this committee needs to be ashamed or even worried about standing up and questioning from this particular point of view, because a police organization is fundamental to the laws and the security we have in this country. However, when in certain areas you give a sort of carte blanche and the general public or the elected representatives do not know the standards under which the police agency operates, then I believe you have to keep prodding to find out what those standards are and keep reassessing the position that led to this particular aspect of police work being made so secret.

Mr. Fulton: Mr. Chairman, I do not believe the hon. member appreciates the point I have made, and I will repeat it. The police in this field do not pass any judgment or perhaps I should say do not give any effect to the information obtained by translating it into a judgment to deprive a man of any status or any thing to which he thinks he is entitled. The police function is almost exclusively ascertaining the facts and reporting the facts to others who have to exercise their judgment as to what they will do in the light of those facts so reported. It would be very different indeed if the police had the responsibility not only of collecting the facts but also of exercising a judgment as to what should be done as a result of those facts or as a result of the information so collected.

Viewed in that light, then, I think it can be seen why it is proper that security and intelligence activities of the force should not be disclosed in detail. In the first place it is not, as I have said before, the responsibility of the force to lay down the standards of security that will be followed by any government department or agency in connection with its work; that is a matter of collective government responsibility.

As to the suggestion that we should name and list the organizations which have a record or an indication that they are undesirable, from a specific point of view this would be the most self-defeating policy or practice I could imagine. Practically every piece of information that was known to the police would immediately have to be made public; the extent of police knowledge would be made public, and the value and effectiveness of the work would be immediately almost completely negated. Efforts would have to be recommenced from the beginning to build up a file of information, a body of information which is now available.

Indeed, if we started naming names and naming organizations we would lose, I would think, at least 80 per cent if not more of the sources of information we now have.

Mr. Pickersgill: Is that really correct in the case of an organization like this Finnish organization? It is common knowledge that there are a certain number of communist front organizations in this country, particularly appealing to some people who have come to this country fairly recently. I do not believe there is any doubt but that, as the hon. member for Port Arthur has said, a good many people get inveigled innocently into these organizations. There may be some secret organizations that the minister and the police would not want to reveal, but in the case of organizations that conduct their activities in public it does seem to me that there is a point the government ought to consider. I do not refer to the minister because the minister is quite right when he says this is a matter for the security panel and for the government, not for the R.C.M.P. However, I do believe there is a real point here which is deserving of consideration.

Mr. Fulton: Mr. Chairman, I wish to point out that at no time, certainly since I have been minister and at no time prior to that of which I am aware, have the R.C.M.P. ever identified any organization as being a subversive organization. I should like to make it clear here that I am not accepting what my hon. friend says he was told by some other policeman. I am not saying he was not told, but I am simply saying that so far as the R.C.M.P. are concerned I am making no comment upon it because at no time have we ever identified any organization as being subversive. For the reasons I have given we do not intend to make such a statement. If we were required to say, in answer to a question, is this or that organization subversive, then the whole list would have to be named and we would then be in a position where we

would have to give the house an answer with respect to every organization or every individual named.

Then indeed you would have a witch hunt, if you like. In the first place, you would have names being named on a basis that would possibly be unfair to the individual or the organization concerned. In addition, as I have said, the information that has been carefully built up over the years, including the sources of this information, would be rendered practically valueless. I am indeed surprised at what my hon. friend from Bonavista-Twillingate has said. He had some responsibility for many years as a very senior civil servant closely connected with this work, and later as a cabinet minister he assumed a different sort of collective responsibility. It is indeed surprising to think it has taken him all this time to come to the point of view he has put forward and which I am rejecting. I have never, when in opposition, said that this should be done.

Mr. Pickersgill: I never suggested, and I would never have used the word, that any agency of government should give the names of subversive organizations, because if there are any subversive organizations the government should prosecute them. However, there are communist front organizations—everybody knows this quite well—which are not classed as subversive. They have a legal existence in this country and have not been made illegal. They are generally known to sophisticated members of the public and officials of government departments. The suggestion that in some way the security of the country would be jeopardized by admitting publicly what we all know as a matter of fact is, I think, quite wrong. I rose merely to say that I never suggested subversive organizations be named, because I realize how ridiculous that suggestion would be.

Mr. Fisher: I feel it would be ridiculous too, Mr. Chairman, but I should like to come back to the minister. He is, for example, changing the definition of obscenity in the Criminal Code in an effort to enable the country to cope with the menace of indecent books, and that sort of thing. He is trying to set out a better definition so we can have something that will be more operative. Today we lack a definition of the subversive types of organizations, the genuine security risks. Surely the minister must be the first to recognize the anomaly when we talk about communist organizations in this little brochure, while at the same time we have a political situation in this country where the communist party and communist candidates are quite legitimate. So long as this situation prevails I think we need a reassessment, often and regularly. It is nice, from a cloak and dagger point of view or the sort of quick look you take at magazines on the newsstand which suggest that this sort of thing is threatening us, to believe that this magnificent red shield is protecting us from the menace.

I should like to know more about the menace from which we are being protected in the light of the fact, too, that we may have to depend upon the integrity and honesty of the minister himself in the assurances he gives us. I cannot see why, as elected representatives, we cannot know more about the standards of what is subversive, what is a security risk.

In so far as the point made by the hon. member for Bonavista-Twillingate is concerned, there are a host of organizations which have had the label "commie" pinned on them. I can think of a number of unions that have had that label pinned on them, and a number of cultural organizations. If the minister suggests that by keeping things secret while the gossip runs abroad he is protecting people from a witch hunt, then I think he is putting up a rather shallow defence.

Mr. Fulton: I do not know that there is a great deal more I can add. I respect the point of view of my hon. friend and his sincerity in seeking to get what one could call a standard definition of subversive. Perhaps the point at issue between us therefore really is whether or not we can get a standard definition of "subversive", and I doubt that very much. It is for that reason that the responsibility for judging as to the suitability or otherwise of the applicant—be it an applicant for citizenship or for employment in the government service or by an agency of the government—is left to the department or the agency concerned. They assess the suitability on the basis of information which the force provides to them, that information having been screened at the headquarters of the director of security and intelligence with respect to its weight in this sense, particularly as to the reliability of the source from which the information is received.

We recognize that there may be prejudice and other motives, or that certain things may be based on hearsay or surmise, and a conscientious effort is made to make an accurate, independent and fair assessment of the reliability or the weight to be attached to the particular source of information. But as to laying down a standard definition of what is subversive and what should be judged to be a subversive or what should be

judged to be a communist front organization, I do not think it is possible to arrive at such definitions. The methods of the communists are so infinitely various or devious or skillful I should think you would have to have a 500-page book before you could define every one of the members they might have and therefore every type of organization that should be deemed to be suspect on security grounds. I just do not think we can get a simple, over-all, standard definition of what is a subversive or security risk and leave it at that.

Mr. Fisher: May I just give an example to the minister. A couple of years ago when I was teaching grades 10 and 11 students an official of the department of education was trying to line up for me and several others just what our duties and responsibilities should be. He said to us, "You have a very serious responsibility. Many of these young people are going to drop out of school just about now, so in your social studies and in your teaching of citizenship and that sort of thing you have to prepare these young people to go out and face the communist menace".

At the time I thought it was a nonsensical bit of advice and I still think so. How are you going to prepare 15 year olds and 16 year olds in social studies to go out and face the communist menace? I do not know. If a teacher is obliged to assume that kind of burden he has a complete cloud or haze in which to work.

This is exactly the kind of analogy or parallel that I think we are facing today in so far as subversiveness is concerned. What is this communist menace, this subversive danger that we face, that requires these directives, that requires you to send constables around the country quizzing neighbours and that sort of thing? We just do not know what it is. We do not know its scope. We just have the assurance of the minister, which I respect very much, that he feels there really has been no change.

I think we could have a little bit more of a definition. The minister says the communists are so varied and so clever in their various approaches. I do not doubt that at all, but where is the public evidence of their cleverness? In a political way they have gone down the drain to quite an extent. They have lost or are losing daily their grip on any organizations where they have been strong in the labour movement. Where is this cleverness, this great worry that you have? It seems to me that the people of Canada in a very reasonable way have met the menace. I think it is about time we knew a little bit more or had a redefinition of what the Royal Canadian Mounted Police director of security and intelligence feels the menace is at the time and how they go about defining it and fighting it.

Mr. Pearson: I confess that I have some sympathy with the minister's reluctance to attempt the definition of "subversive". He might have exactly the same difficulties as if he were trying to define "freedom", "democracy", "appeasement" or "fascism". No doubt he had similar difficulty when he was attempting to define "obscenity", as I gather he has done although the results may appear to be inadequate to some members of the house.

I think he was right, of course, when he defended the practice of not making public lists of subversive organizations, which is perhaps not quite the same as lists of communists or communist front organizations which are known to be such. That is in contrast, of course, to the practice—and I think it is a good contrast—across the border where they do have their blacklists or lists of subversive organizations, and where I suspect they have lists of Canadian organizations which they consider to be subversive and perhaps a list of members of those organizations.

That leads me to ask the minister a question which I think is an appropriate one. He will know how far he can go in replying to it. The question is this. How are the arrangements working between the appropriate security authorities of the two governments in respect of the exchange of security information? Is the minister satisfied that these arrangements are not being abused? I am not suggesting that the arrangements themselves are not required and are not in certain circumstances quite proper. But are these arrangements being conducted in such a way that they are not being abused to the prejudice of Canadians who, for instance, may want to get into the United States and who find themselves on some United States immigration list as a result of information which the United States immigration authorities have obtained?

Is the minister satisfied that the security information which is sent to the United States authorities is not being used in Washington by agencies of the United States government, executive or legislative, in a way which would be inappropriate? That is the mildest word I can use in that connection. I am asking whether he thinks the arrangements—with which I am not necessarily quarrelling—are working satisfactorily, and by "satisfactorily" I mean in a sense which will not prejudice the rights or freedoms of Canadians.

Mr. Fulton: In so far as the basis of the exchange of information is concerned—that is to say, whether it is exchanged on an equal basis—I am informed that the feeling is that it is fairly worked out. We have no feeling that we are giving more than we have received or that anyone is holding out on us. So far as the basis is concerned, I am informed that we are satisfied.

It would be difficult for the force and I think unwise for us to attempt to make an assessment as to how in every individual case the other agency may use that information. However, we feel that by a relatively free exchange of security information on the basis that I have described previously—that is with an assessment of the reliability of sources and so on—we can in fact in some cases prevent innocent persons from being refused admission or pilloried in other ways, to which danger they might otherwise be exposed.

As is well known, of course, there have been cases in which we in this country have not been altogether satisfied with the ways in which the information given to others has been used, but I do not think that is a matter for the security officials of Canada to comment on. I think I am recollecting correctly what I have read in the official files on the matter when I say that if there is any criticism, I do not think it is directed so much against security agencies as against some other agencies of the other country which may not have used information given into its possession in a manner altogether acceptable to us. On the whole, with respect to the actual exchange of information I am informed that we feel it is to our advantage, and that it is exchanged on a fair and equal basis.

Mr. Pickersgill: One very factual question I want to put to the minister, and it may not be reasonable to expect a direct answer to it. The question is this. Is the minister satisfied, or are the police satisfied, that the same security is given to the information in the United States that it is given in Canada? There were occasions in the past when we were not satisfied with that.

Mr. Fulton: As far as we can ensure it and do anything effective to bring it about, we are satisfied that that is the case. I do not want to give an absolute blanket guarantee for the future, of course.

Mr. Pickersgill: Oh, no, and I am not asking for that.

Mr. Fulton: I would like to point out that we know of cases where as the result of the exchange of this type of information we arranged for a Canadian to enter the United States who had been previously refused entry.

Mr. Herridge: Mr. Chairman, the point raised by the leader of the official opposition —I am careful to say "leader of the official opposition" since I was corrected some time ago—interests me a great deal because I have knowledge of two or three cases where it was obvious that good Canadian citizens suffered some injustice. It was explained to me later on by a person well able to give such information that United States authorities sometimes place a somewhat different assessment on information than we would in Canada.

On three different occasions I have been down to the United States on behalf of people in my constituency and met their junior officials. In one case I said, "I want to know what information you have", and they told me. They said, "This man attended a meeting in the civic arena in Nelson addressed by Tim Buck in 1942." I said, "Good Lord, the place was packed because everyone was curious to hear him." This official, who I thought was somewhat ignorant, tried to suggest to me that this was a sound basis for denying a man admission to the United States. Finally I went further than that and got bank managers, mayors, aldermen, church leaders and lawyers to suport his appeal; I had to mobilize many of the prominent people in the district to support the representations made on behalf of this man. That injustice was suffered strictly as the result of a different assessment of information than would be given here. I think they thought there were some other activities connected with attending this public meeting.

Mr. Chairman, I have had three cases like that, and that is why I was very interested in the question raised by the Leader of the Opposition. I do hope the minister can assure the house that information given to the United States authorities is given with the understanding that they should not make an entirely different assessment, as appears is the case, than that made by the R.C.M.P. and those responsible for security in Canada.

Mr. Winch: But the information is given them.

Mr. Fulton: Yes, there is exchange of security information; I admit that and make no bones about it. But we cannot assume responsibility for the assessment they make of security information they receive. I am told, as I have said before and repeat now, that as a result of the exchange and the discussions we have had relating to this exchange, we have been able in more than one case to secure the entry of a person into the United States who had previously been

refused, perhaps on these grounds of a mistaken assessment of the information available. We just do not stop at the official exchange of statistics or written reports; we talk these things over as well.

Mr. Herridge: Mr. Chairman, I should on recollection, in fairness, make it clear that the official I was talking to was not by any means a senior official. I thought he was most unsuited to assess information of this sort.

Mr. Pickersgill: The government or someone in the government did manage to get a situation cleared up, if I remember rightly, where because of the peculiar name of the hon. gentleman's party, the Progressive Conservative party, there was some feeling in the United States that he was a dubious character.

Mr. Fulton: They are not as well informed down there as to the appropriate names of political parties as we are up here.

Mr. Johnson: Je me demande—Mr. Chairman, I wonder since it is two minutes to one whether we might call it one o'clock?

The Deputy Chairman: Is it the pleasure of the committee to call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

(Translation):

Mr. Johnson: Mr. Chairman, just before the house took recess, we were still dealing with the first item of the R.C.M.P.

While commercial shipping and even pleasure boating are under the jurisdiction of the Department of Transport, the R.C.M.P. is responsible for the enforcement of the provisions of the Canada Shipping Act and its regulations. That is why I am taking the liberty of dealing with this subject while we are considering estimates relating to the R.C.M.P. We are now at the start of the shipping season and everybody realizes that civilian authorities, especially municipal authorities in communities that have boating clubs, are quite interested in the matter and concerned about possible accidents at the height of the pleasure boating season.

We, in the riding of Chambly-Rouville, are fortunate enough to live on the banks of the splendid Richelieu river which rises on the American border and ends up at Sorel. All along that grand river there are boating clubs, like those at Beloeil, Chambly and St. John. In those communities, quite a number of people—I might even say thousands of people —are interested in pleasure boating. The Beloeil boating club has several hundred members and it is my privilege to be one of them.

Now I know for having discussed the matter with the directors of those boating clubs, that children who indulge in such recreation in the summer time, just outside Beloeil and in the Chambly basin, are exposed to serious accidents because of the lack of supervision on waterways at those spots.

I know that, under the Canada Shipping Act, there is a control of light craft traffic. However, there are certain problems of jurisdiction with regard to the control of mixed traffic of pleasure craft and merchant ships. At Beloeil, more particularly, the boating club is located quite close to the McMasterville dock, where rather large barges take on cargoes of explosives for transport to the United States via the Richelieu. Now, it happens that when those commercial ships, returning to or coming from Sorel, head for the McMasterville dock, they travel at full speed up to the spot where the club's pleasure yachts are berthed and where there are a great many American tourists who expect to find a proper welcome in Canada.

Now, the captains or pilots, or any other person in charge of those ships, hardly bother to consider whether there are any small boats or craft tied up nearby so that frequently considerable damage is done to those light craft. This also represents a serious hazard for children bathing or using light pleasure boats in the vicinity.

Under a departmental order—and the minister may correct me if I am wrong—the R.C.M.P., generally referred to as "Mounted Police", has the responsibility of patrolling those waterways. In fact, under that order, the R.C.M.P. may control and ensure compliance with the regulations governing the traffic of both commercial and pleasure boats.

Even a provincial or municipal police officer has the right to see that the law is observed with regard to light boats, but there are serious doubts as to their jurisdiction over commercial shipping. Therefore, operators of commercial ships are little concerned with the local police, whether provincial or municipal.

More R.C.M.P. men should be assigned to patrol work there, or greater authority given the local police. I know that, in Beloeil itself, one constable is prepared to offer his services and ensure the enforcement of the law on week ends. Incidentally, I invite hon. members who are interested in regattas, as well as the Minister of Justice, to come out to Chambly next Sunday. They can then see for themselves that as a result of the heavy traffic of pleasure boats on the Richelieu, between Beloeil and Chambly, there will probably be a number of slight accidents or even serious ones, as there were on the occasion of previous regattas.

Mr. Chairman, would it not be advisable to consider the possibility of increasing first of all the number of R.C.M.P. agents doing that type of work?

I believe that, in Montreal, there are only two constables and one corporal to patrol the whole Montreal area on the St. Lawrence and on the Richelieu. In my opinion, this is utterly inadequate. In the first place the only job those men are able to do efficiently is checking up. They are doing the job now and I have only congratulations to offer to the agents of the Montreal division office. However, as I said a moment ago, they cannot do any more than check up. They call at boating clubs, check boats, warn people who do not comply with the regulations and advise them on water safety.

That is about all the work they can handle, and when regattas are held anywhere, those men, who are busy supervising boat traffic here and there along the St. Lawrence and the Richelieu, cannot attend. They can't be everywhere at once and therefore can't supervise all areas and lodge complaints against people who break the regulations.

I therefore urge the minister to consider the possibility of increasing the number of R.C.M.P. constables assigned to that type of work. Obviously, my request brings up another problem, that of additional expense. When municipal and provincial police are asked to supervise traffic on those waterways, it means increasing the personnel, and we know that if the provincial government should establish a division of the provincial police to supervise navigation, and if municipal governments should do likewise, it would lead to additional expenditure which it would be rather difficult to require from the province and especially from smaller towns like Beloeil and Chambly.

I therefore urge the government, and particularly the hon. Minister of Justice, to consider the problem in that light.

Mr. Chairman, may I also take this opportunity to do my small bit to arouse public opinion with regard to water safety. All kinds of campaigns are organized every week end for the prevention of highway accidents. We profess to be shocked by traffic congestion on week ends; solemn statements are made, and this or that highway is described as a "death trap", etc., etc. Violators of traffic regulations are roundly tongue lashed; in short, attention is paid to highway safety. However, I feel that in the summer season too little attention is paid to the problem of insuring safety on the waterways. Why could the R.C.M.P. not sponsor, organize or support a public education campaign on water safety?

I have here a pamphlet issued by the Department of Transport information division, under the title "Safety afloat for owners of small boats", which deals with this problem. I wonder just how many people who own some kind of boat are aware of the existence of this pamphlet, or have some slight knowledge of regulations governing the operation of watercraft.

I therefore urge officials of the Department of Transport or Justice to organize, sponsor or support—through the R.C.M.P.—a large scale campaign that might be designated "Water safety campaign".

Mr. Chairman, I have one more problem to refer to. It is the matter of joint jurisdiction with regard to pleasure boating and commercial shipping. There should be closer supervision over barges and other commercial craft on such rivers as the Richelieu, where pleasure boats account for most of the traffic. It is a question of safety for the lives of Canadian citizens.

On behalf of all boating clubs in my area, I submit this request to the Minister of Justice.

(Text):

Mr. Tucker: Mr. Chairman, only time will tell why the federal government withheld permission to send Royal Canadian Mounted Police reinforcements to Newfoundland when the province was facing a great crisis. It cannot be denied that it is the government's first duty to preserve peace and order in every province where the mounted police act as the provincial police, and Newfound-

land should be no exception. When that duty has not been performed, Mr. Chairman, the whole nation has been betrayed.

Newfoundland is a province which has always lived and abided by the laws of the province and of the dominion. Pressure came from church, state and laity. Telegrams and letters were sent and telephone calls were made to Ottawa, but to no avail. It is unnecessary for me to take the time of the house to recall all the factors that led up to the chaos which threatened to destroy our province. If law and order cannot be maintained, then the freedom of Canadians becomes meaningless.

For a period the city of St. John's was left without sufficient police protection, and I shall now read some messages which will help the house to realize the tension which existed at the time. The president of the Newfoundland conference of the United Church of Canada sent an urgent message to the Minister of Justice which reads as follows:

St. John's practically deprived of police protection because of necessity of sending all available trained men to central Newfoundland where emergency conditions exist and are liable to erupt into further mob violence. This has arisen because of your failure to honour contract with government of Newfoundland to supply extra personnel to R.C.M.P. which is exclusively responsible for all police work outside St. John's. Only this afternoon news release discloses conditions look ugly at Grand Falls.

Having learned with consternation that board of evangelism and social service of our church at Toronto has requested your withholding sending reinforcements of R.C.M.P. to our province, the executive committee of the Newfoundland conference of the United Church is now meeting in emergency session and condemns this action which was taken by that board without full knowledge of situation in and your obligation to Newfoundland, and without consulting Newfoundland conference of the United Church of Canada as to facts, and urgently request of attorney general of Newfoundland that adequate police reinforcements be sent forthwith to maintain law and order, as reports indicate men are available and are being withheld on your instructions.

That powerful request came from Rev. Albert N. Holmes, president of the Newfoundland conference of the United Church of Canada. I have another message to illustrate the gravity of the situation. The following telegram was forwarded by his worship Mayor H. G. Mews of St. John's to the Minister of Justice:

I am informed officially that at least half of the police force required for the normal services in St. John's have been dispatched to central Newfoundland to assist R.C.M.P. in the maintenance of law and order pending the arrival of additional R.C.M.P. personnel.

Under these circumstances I am compelled to request that R.C.M.P. reinforcements be dispatched immediately to central Newfoundland in order that normal police services may be restored in St. John's.

[Mr. Johnson.]

We have heard appeals for help from the church and from the provincial council, and now a few brief words from a working Newfoundlander:

I am not a die-hard Liberal nor am I a Progressive Conservative, but an ordinary broad-minded citizen, with no axe to grind, always giving my privilege of voting an amount of thought.

The refusal of the federal government to comply with the request of Premier Smallwood to send additional R.C.M.P. to Newfoundland, and the attack by Prime Minister Diefenbaker on our premier, and the government, and the opposition has shocked many of us extremely. Mr. Diefenbaker certainly did not make any friends in Newfoundland by his recent statements.

I shall now read excerpts from a letter from a housewife:

We just came from the funeral of the late Constable William Moss. We are sick in Newfoundland, sick with sorrow, anger and sick with our representatives in the federal government, and with the mainland press. Surely you must have seen how right the premier was when the members of the opposition were with him all the way. Surely you must have seen how they were in accord to a man, because of their concern for Newfoundland.

We are a simple folk in Newfoundland, living in peace with our neighbours, with life in our small towns and villages centred closely around the church, and now these mainland reporters have told that they were refused sanctuary by two priests, one an Anglican, and the other a Roman Catholic.

Let us hope that on Monday you will stand to a man in the commons, and condemn the action of the federal government in not sending R.C.M.P. reinforcements; that you will condemn the mainland reporters for their lies; and that you will pledge your support to the provincial government in the step that they have taken. May it never be said that you helped to quench the small candle which has been lit in Newfoundland, and that you made denial to your own people. If you are tempted to take the easy way and say nothing, remember the boyish face of a rookie cop.

I think I have written pretty strongly, but I am only one woman who feels this way, there are thousands more like me. The women have been aroused, and feelings are running high. I have not always been with the premier, but now I back him all the way, and 98 per cent of Newfoundland with me.

What really happened when the minister refused to send extra police assistance? Police had to be sent anyway, and who suffered? Not only the area directly concerned, but the city of St. John's and the immediate area. Reinforcements were sent from St. John's following the refusal of the Minister of Justice, who has taken full responsibility for withholding extra police assistance.

Yesterday the minister referred to the fact that no further violence had taken place. He credited it to the fact that reinforcements had not been sent. The minister used this as evidence of his wisdom in

refusing to send extra reinforcements. It is true, Mr. Chairman, that there was no further outbreak of violence, but it is not true that this happy outcome is due to the fact that the Royal Canadian Mounted Police in central Newfoundland were not reinforced, because they were. Members of the Newfoundland constabulary were dispatched to the scene of violence, and further help was volunteered by war veterans. The situation was such that this had to be done, and as a result St. John's was left almost entirely without police protection.

Telegrams were sent by the premier of Newfoundland and requests were made by the attorney general of Newfoundland and by other prominent Newfoundlanders. And because much needed help was not sent, Commissioner L. H. Nicholson submitted his resignation. He has, as I am sure we will all agree, helped to place our federal police on a level second to none in the world.

The hon. member for Bonavista-Twillingate has been continually criticized for statements he has made regarding the situation, but Newfoundlanders and people all over Canada have expressed their desire to back fully many of the remarks he has made. This has been proven through the medium of the press, radio and television. I hate to think, Mr. Chairman, what might have happened had this outbreak gained momentum.

There is no doubt in the minds of millions of Canadians but that reinforcements should have been sent to Newfoundland. Because they were not sent the present government broke faith with the province of Newfoundland. I suggest that doubts have been created in the minds of many of our people as to the efficiency of the present justice department because even now, months after the crisis, Canadians are still questioning the action and final decision taken by the Minister of Justice.

The reference made by my friend the hon. member for Timiskaming yesterday to police policy and personnel in Newfoundland is entirely incorrect. We have now, and always have had, as good police personnel as could be or can be found in any other province in the Dominion of Canada. As Newfoundlanders we have been entirely satisfied with the manner in which they have performed their duties as rangers, as provincial police or as members of the Royal Canadian Mounted Police.

Finally, Mr. Chairman, Newfoundland is proudly represented in all branches of our federal police, many of whom served as rangers and as provincial police in my riding.

Mr. Pickersgill: Mr. Chairman, I want to speak very briefly partly to draw attention to the fact that yesterday the minister tabled a telegram from the mayor of St. John's, which was read by my hon. friend from Trinity-Conception, but there is no evidence that the minister tabled the reply. It would appear to me from having heard it read that that telegram was and can only be construed as a protest against the failure of the government to send the reinforcements, and therefore should properly have been included in the order that was tabled.

I am not making any particular point of that, but I think we should be told before the item is passed what the minister said in reply to the mayor. I am not going to make anything of the point of order, but I would ask him to put it on the record.

While I am on my feet I should like to draw attention to the fact brought out by the hon. member for Trinity-Conception that the net effect of what the government did—I say what the government did in refusing to reinforce the mounted police—was to deprive the city of St. John's of a police force for a very critical period because the Newfoundland constabulary had to be sent in place of the reinforcements which were denied. So far as that area was concerned it made much less difference than it would to an area that was not affected at all, but was deprived of police protection by the action of the government.

I should like also to put on the record the fact that whatever his present views may be, the mayor of St. John's is very well known to hon. gentlemen opposite and was not only a strong supporter of their party but at one time was provincial leader of their party. It seems to me that is not without significance in indicating what the feeling was in Newfoundland generally about this action.

There is one other question I should like to put to the minister. The hon. member for Trinity-Conception has reminded us of the references which were made by the hon. member for Timiskaming to the Newfoundland constabulary. The Newfoundland constabulary, as the minister knows, were serving under the command of the Royal Canadian Mounted Police. I do hope the minister is not going to ignore these slurs upon a police force which he told us by arrangement, as he suggested when the subject of reinforcements first came up, were sent to central

Newfoundland. I hope the minister is not going to allow these slurs upon a splendid force to pass without any reference from him.

Mr. Batten: Mr. Chairman, I do not want to make any extended remarks on this topic at this time, but I do want to make some comments with regard to the failure of the government to send the Royal Canadian Mounted Police reinforcements to Newfoundland when they were requested and when they were required. In the few comments I have to make I shall follow the members from Newfoundland who spoke yesterday and I shall not, of course, discuss any of the contractual obligations, neither shall I go into a discussion of the situation which brought about the need for reinforcement of the Royal Canadian Mounted Police.

I would, at the beginning, like to comment on the remarks made yesterday by the hon. member for Timiskaming. The hon. member made reference to the fact that some of the R.C.M.P. in Newfoundland at that time may well have been, in years gone by, members of the old Newfoundland ranger force. Those who know anything about this force will remember that it was brought into being at the time when Newfoundland was under commission government. I am not now in a position to say how well these men were trained, but they were trained and during the time they were operating in Newfoundland they did a very effective job. After 1949 a number of the members of the Newfoundland ranger force were taken into the Royal Canadian Mounted Police, as were a number of members of the Newfoundland constabulary.

Well, that happened 10 years ago, and during that 10 years these men have had considerable training given to them; and with the training they were able to bring into the force they are now very creditable members of the R.C.M.P. I know a lot of them personally. I knew them when they were members of the Newfoundland ranger force, and I know them now. Even if some of these former rangers were amongst the group of R.C.M.P. at Badger—I am not saying they were—I am very sure that their presence had no effect in reducing the efficiency or effectiveness of the R.C.M.P. Again, if there were two or three of them there they did not directly reduce the effect of the collective body.

I take exception to the remarks made by the hon. gentleman, because I feel that those men who were brought into the R.C.M.P. are now well trained, and those who have been given promotion were certainly given promotion on the same strict standards as any other member of the R.C.M.P. I feel that they are able to give the force as efficient service as the men from any other province who have been promoted. Whatever the actions of the R.C.M.P. in Newfoundland, I certainly think there can be no reflection on their efficiency because of the fact that included amongst their numbers there may have been members of the Newfoundland ranger force or the Newfoundland constabulary. This is a reflection that I could not accept.

The hon. gentleman went on to refer to the attorney general of Newfoundland. It is true that some time ago he was a director of Bowater's Newfoundland Pulp and Paper Mills Limited, but only under an elective position. When the government's interest in this company had been changed he was no longer there officially to advise. If he had to make recommendations to the Attorney General of Canada he was making them through or on the recommendation of the inspector of the R.C.M.P.

In all, Mr. Chairman, I feel the effectiveness of the R.C.M.P. in Newfoundland in this particular situation is something that is not deserving of the slurs and the most uncomplimentary remarks that have been made concerning it. Certainly there was a very difficult situation at that time. An extremely tense situation existed, not only between the parties to the dispute but also amongst the general populace. There was a need to preserve the peace, not only between the two parties concerned but also amongst the people in general. There was a need to protect life and property, and there was a need to protect the general public.

There is little need to give an account of how the people felt about this. I am sure many hon. members in the house have received letters from the various parts of this country, and I am sure that many have seen the newspaper reports. It is a fact that the people of Newfoundland did expect the R.C.M.P. reinforcements to come at this particular time because they were needed. They were needed to preserve law and order and to protect those who required protection. The claim that the R.C.M.P. acted in Newfoundland as strikebreakers is one that is completely invalid.

I can understand that there are people who would feel that the R.C.M.P. were carrying out their regular duties, not only in instructing people in what the law was but also, unfortunately, in having to enforce the law. There may be others who were of the opinion that they were strikebreakers, but I think it would be very difficult to sustain that position so far as the R.C.M.P. are concerned. I feel

they conducted themselves in a most commendable way under most difficult circumstances.

I do believe that when the situation became so tense that further reinforcements were required—I am going to have to differ with the minister here—they should have been sent forward at that time. When the minister says he was informed by the inspector in Newfoundland that these reinforcements were not required to protect the personnel already there, I think that is a fair statement.

Yesterday the minister explained his position in that regard, and I am quite willing to accept his explanation except for the fact that the feeling is abroad that this was a major reason why the R.C.M.P. enforcements were not sent. As my friend the hon. member for Trinity-Conception has explained, a serious situation developed when members of the Newfoundland constabulary were taken from the city St. John's and sent out to the troubled area, leaving St. John's without the necessary police force that it requires. I think this was a serious thing, and would not have been required if the necessary R.C.M.P. reinforcements had been sent to Newfoundland when they were requested.

It was also suggested yesterday afternoon that the R.C.M.P. were required in Newfoundland in order to evict a union from the province. No such thing, of course, is true. These men were required to go to Newfoundland in order to preserve law and order, and were not concerned in the dispute that happened to be going on there at that time. I am sure nobody knowing the facts would accept the statement that they were required to be sent to Newfoundland to evict a union.

I am also wondering whether, in making his decision, the Minister of Justice really entered into sufficient discussion with the officials of the Newfoundland government to determine exactly what the position was. There are many today who feel that this decision was not the right one and they are wondering now, if in the future such an emergency were again to arise, what protection they could hope to get if they were living outside the city of St. John's, which is the only centre that has any provincial force in any numbers. The result is that there are many in Newfoundland today who feel that the decision made in this regard was the wrong one and it has left grave doubts in their minds.

Mr. Carter: Mr. Chairman, I should like to take just two or three minutes in which to reply to some of the remarks made this morning by the hon. member for Port Arthur. It will be remembered that the hon. member for Port Arthur was having a number of exchanges with the Minister of Justice on the topic of subversive activities, and in the course of these exchanges asked the minister to provide a definition of "subversion". He also pressed the minister to divulge the names of organizations that might be considered subversive; and when he was not getting from the minister a suitable answer he went on to imply that there was no menace. "Where is the menace?" he asked. Then to prove his point he referred to the decrease in the votes which the Labour Progressive party had received in recent elections.

I think it is dangerous to allow that argument to remain on *Hansard* unanswered, because that is one of the favourite means employed by the communist party to lull us into a false sense of security. In order to prove how worthless that argument is I should like to inform the house that in Berlin last May Mr. John McGovern, a British member of parliament belonging to the Labour party, while in Berlin at the request of Mayor Brandt, made the statement that among the members of parliament of the Socialist party in Britain there were 26 who were actually undercover agents, and there were another 70 members who were fellow travellers. That statement by Mr. McGovern caused quite a bit of trouble in his party and Mr. Morgan Phillips, secretary of the Labour party in Britain, asked him to recant. He has steadfastly refused to do so because he says it is the truth and he has never made false statements even against his opponents.

Mr. Regier: And you believe it?

Mr. Carter: I certainly do.

Mr. Regier: Have you any evidence?

The Deputy Chairman: Order.

Mr. Carter: You produce your evidence when your turn comes. The difficulty of defining "subversion" is obvious, because the most insidious subversive activities occur in the realms of thought and ideas. The aims and objects of the communist party are to undermine our confidence in our institutions, our values and our leaders. All that, of course, involves the use and the planting of ideas and the breaking down of our values.

This is done in many ways. It is done by broadcasts, films and plays. One of the most fruitful sources of this activity, of course, is in our universities. We know that most universities have communist agents planted on their staffs for that very purpose, and it is reasonable to assume that the same thing is happening here in Canada. Surely we cannot expect the Minister of Justice to divulge to the house what people or what universities are concerned or what activities are going on in this field.

It was only a few days ago that a prominent member of the communist party in Canada was asked whether membership in his party was growing. He said, "No; we are not getting very many new members, but that matter is not important because there is already a wide public acceptance of the issues which we have advocated". That is where the most dangerous subversive activity is being carried on.

I realize that the hon. member for Port Arthur has a problem—and I think it is one that deserves attention—in that some new citizens, when they come here from other countries, are likely to become involved in subversive organizations without knowing their true nature. I believe this situation could be met, in some measure anyway, if the department of immigration would in some way warn these new immigrants that before joining or associating with such an organization, or any organization at all, they should make careful inquiries from people in whom they have confidence, as to their true nature.

Mr. Herridge: Mr. Chairman, I must take the time of the committee for a moment or two in order to refer to the most unusual statement made by the hon. member for Burin-Burgeo, in which he said that a member of the British Labour party while in Berlin said that there were over 20 undercover communist agents in the British Labour party.

Mr. Carter: Twenty-six elected members.

Mr. Herridge: Members of parliament?

Mr. Carter: Members of parliament.

Mr. Herridge: That there were 26 members of parliament of the British Labour party who were undercover agents of the communist party.

Mr. Fulton: Mr. Chairman, on a point of order, I rise to raise with you the question of how anything that members of the British Labour party said or did not say in Berlin, is related to the estimates of the Royal Canadian Mounted Police.

Mr. Winch: Why did you not stop him?

Mr. Fulton: I was reading something else. Otherwise I would have done so, I assure my hon. friend.

The Deputy Chairman: The point is well taken. The hon. member for Burin-Burgeo made that point. In order to be fair I think I should allow the hon. member for Kootenay West a moment or two for the purpose of giving his side of the story.

Mr. Herridge: I just want a minute or two, Mr. Chairman in which to reply on behalf of this party. The hon. member said there were 26 members of parliament belonging to the Labour party in Great Britain who were undercover communist agents, plus over 70 fellow travellers.

Mr. Chairman, I would like to correct the record. I know the hon. member who made the statement did so in good faith, because he is not the sort of person who would willingly state an untruth to the house; but to correct the record I want to say that the secretary of the British Labour party, on behalf of the leadership of the British Labour party and the national executive of the British Labour party, denied this statement as being completely untrue, and denied it most emphatically shortly after it was made.

Mr. Fulton: Perhaps at this time, Mr. Chairman, I should deal with the remarks of the hon. member for Chambly-Rouville. He raised a matter which I think requires some reply when he drew attention to the situation in his constituency resulting from the fact that there are on the waterways in that constituency, if I followed him correctly, a number of pleasure boats and at the same time a substantial amount of commercial shipping. He made the request that we be more aggressive in our enforcement of the small boat regulations. I think he suggested that we do not have sufficient members of the force enforcing the regulations, with the result that dangers arise from the conduct of the boats in that area. I can assure the hon. gentleman that I will be very glad to do what I can to make a contribution to solving the problem, and I will be pleased to bring his remarks to the attention of treasury board.

I do not like making excuses, so I will merely state this as the fact. I said on an earlier occasion that we are faced constantly with the problem of establishment limitations. There are a number of additional functions we would be prepared to undertake and a number of functions now being discharged which we feel we could do better if we had additional personnel. But in this as in every other department of government activity there is the problem of over-all expenditure and the limitations which must necessarily be placed upon the strength of the force, as is the case with the civilian personnel employed in the department. We have rarely if ever been able to persuade treasury board that we should have as large an increase in our establishment as we think is necessary to meet the requirements we are called upon to meet.

However, this year for the first time treasury board did authorize one position at Montreal for this purpose; that is, the

purpose of the enforcement of small boat regulations through the criminal investigation branch establishment at Montreal. I should perhaps remind the hon. member, however, that there is in addition a provision in the small boat regulations published in the *Canada Gazette* for March 25 of this year under which a peace officer for the purpose of these regulations is defined as including a member of the Royal Canadian Mounted Police, a member of any harbour or river police force, and a member of any provincial, county or municipal police force. So it will be seen that there are other personnel available for this work besides the members of the Royal Canadian Mounted Police.

It may well be, therefore, that the problem here is one of co-ordinating the activities of the mounted police and the local municipal police forces. That is a matter which I shall be glad to ask my officers to discuss with the Department of Transport, to see whether there is any room for improvement in the situation by a greater degree of co-ordination of those forces.

Mr. Johnson: Would the minister permit an observation at this point. I raised the question of different peace officers authorized to enforce the law, but I was questioning the possibility of these peace officers excepting of course the R.C.M.P.—I am referring to harbour, river, provincial, county and municipal police forces—having authority to enforce the law so far as commercial navigation is involved. I believe these regulations cover the small vessels section but not the commercial, and I was calling the attention of the minister to this particular point, that since these police officers might not have this power with commercial vessels they could be laughed at—and that is a fact; they could actually be laughed at—by some of the pilots or masters on board big ships travelling close to marine clubs.

For example, I know that in Beloeil the officer there is doing a fine job in this field trying to stop these commercial vessels from running too fast on the river near the marine club, but he was laughed at and so was a sergeant or a corporal of the R.C.M.P. last year when he tried to warn certain persons. He was told that he could not do anything to them because they were travelling in their boats on the river. I believe what caused the whole problem in Beloeil in particular was that the corporal was laughed at by masters or pilots who they did not care whether they caused damage by running their boats too fast close to the marine clubs.

Mr. Fulton: Mr. Chairman, I will be glad to discuss this matter in the light of the remarks of the hon. gentleman, and in particular to discuss the question with the Department of Transport and see whether any amendment to the regulations is necessary to give the officers a greater degree of authority.

Mr. Johnson: Without committing the government, of course, is there any possibility that the R.C.M.P. could take the lead in a vast campaign on this particular matter of safety on waterways?

Mr. Fulton: It is a matter about which we have a certain amount of sensitivity still, Mr. Chairman, but we recognize the importance of the subject. We feel that the lead perhaps should be taken by the Department of Transport, and I understand that department is doing its best to give wide circulation to its safety pamphlet and also to the regulations regarding the operation of small boats. But as we are interested in the question of enforcement, and as enforcement is made more satisfactory when you have the co-operation of those concerned, we also have an interest in acquainting the public with the necessity of obeying the regulations in this regard. That is also a matter that I would be glad to have my officers discuss with the Department of Transport in order to co-ordinate efforts and see if we can contribute to bringing the importance of this matter to the attention of the public.

Mr. Pickersgill: Would the minister ask the Minister of Transport to establish a coast-guard on the Richelieu?

Mr. Fulton: I hardly think so, Mr. Chairman.

Mr. Badanai: Mr. Chairman, I wish to touch on a point which has not been dealt with, and it concerns the role of the Royal Canadian Mounted Police in connection with our tourist industry. The classical reputation of the Royal Canadian Mounted Police for intelligence, efficiency and training, as everyone knows, and for good looks as well, is practically world-wide. Tourists from other countries, especially from the United States, as soon as they cross the border expect to see our Canadian mounted police, the red-coated mounties.

Unfortunately they can only be found around our parliament buildings. I suggest that border points be considered as suitable locations for members of the force to be on hand to gratify the desire of these tourists to meet these world-famous men. I should like to ask the minister if any consideration is being given to this question and, more particularly, to the presence of these men

on the Pigeon river border near Fort William at which point many thousands of tourists from the United States enter Canada every summer.

Our country has built up a great tourist business which is growing every year. Would it be asking too much of the government to consider an increase in the force in order to take care of this extra service, the expenditure for which would consist only of a very modest contribution toward the encouragement of the tourist industry in which both private enterprise and provincial governments have invested huge sums of money? Would the minister give an indication whether he is ready to consider this suggestion?

Mr. Fulton: I appreciate the interest shown by the hon. gentleman. This is a continuing problem for the force and it was dealt with specifically and quite conclusively in the last annual report for the year ended March 31, 1958 and if the hon. member would look at page 47 of that report I think he would see that a complete answer is given to the problems he has raised.

Mr. Badanai: The minister has not, however, given me any indication that the Pigeon river border area is being considered. That is not mentioned in the report.

Mr. Fulton: No, Mr. Chairman. I have not referred specifically to the Pigeon river area because that is only part of the larger problem of making R.C.M.P. personnel available as tourist attractions, and this problem was covered in the annual report to which I made reference.

Mr. Pearson: May I ask the minister one question regarding the proposed conference of the provincial attorneys general to discuss the contract which, I understand, has been postponed until the autumn. In view of the fact that one of these contracts is now before the courts, may I ask what it is proposed to discuss at this conference?

Mr. Fulton: I felt that one of the reasons why this conference should be postponed was because of the difficulty of discussing a matter which I felt we should discuss, namely the clause regarding reinforcements, while that clause was before the courts. That was one of the reasons why I found difficulty in holding the conference at the time we arranged it orginally, namely late April or early May.

Mr. Pearson: Will the minister postpone this conference further if the case has not been completed?

Mr. Fulton: That is difficult to say. The original purpose of the conference was to discuss the financial basis upon which the services of the police were made available to the provinces. Since the difficulty with Newfoundland arose it became evident to us, and it was our intention, that the conference should also devote specific attention to this difficult question of the reinforcement clause. I had hoped that feelings might die down—if I might use that expression—by the fall, and for that reason I discussed with a number of the attorneys general the postponement of the date and that was generally agreed to. In the meantime, however, legal action was started and that does make the whole position difficult. If the action to which the hon. gentleman referred should not be settled or disposed of shortly it may be that we shall have to see if we can have a conference in relation to the financial aspects of the matter, leaving the reinforcement question to be discussed later. That is a difficult situation to visualize. I do not think I can say very much more. We did not start the action, and I think I must leave it there.

Mr. Pickersgill: In a manner of speaking you did start it. The minister was going to read the telegram he sent to the mayor of St. John's.

Mr. Fulton: Yes. This telegram was not, in my view, a protest against the failure to send reinforcements, and for that reason it was not tabled in the return which was made. The hon. gentleman spoke to me about the matter yesterday and said that in his view it should be tabled.

Mr. Pickersgill: I also asked the minister before I asked for the return and he agreed to table it.

Mr. Fulton: Yes, when the hon. gentleman spoke to me about it yesterday he drew my attention to the fact that earlier, in March, he had asked for the tabling of the telegram, and I suggested that in the circumstances rather than make a supplementary return now, I would simply table it in accord with the earlier request. That earlier request did not ask for a copy of my reply. That is why I did not include it. This is the reply. It is a telegram dated Ottawa, March 13, 1959, addressed to His Worship H.G.R. Mews, mayor of St. John's Newfoundland, and it reads:

> Your telegram received and in reply I wish to assure you that all aspects of this situation including the effect of the move of constabulary from St. John's are before the government here and the whole situation is being continuously watched and urgently studied. Your representations will be drawn to the attention of my colleagues and given full weight.

It is signed: "E. D. Fulton, Minister of Justice".

(Translation):

Mr. Pigeon: Mr. Chairman, I merely wish to ask a question of the Minister of Justice.

Has the Cuban government, led by Mr. Fidel Castro, applied to the Minister of Justice for information in regard to the organization of the Royal Canadian Mounted Police?

(Text):

Mr. Fulton: We did have some communication from Mr. Castro and a meeting was arranged with him when he was in Montreal at which time the attitude of the force with regard to any forthcoming request was indicated in general terms. Since that time we have received no further communication.

Mr. Winch: If I may make a brief comment on something which was said by the minister a few minutes ago on the taxpayers' money being spent in cases where the R.C.M.P. is used as a tourist attraction, as I understand it sometimes is. May I say that I have no objection to that at all—

Mr. Fulton: But we do not have the men.

Mr. Winch: It might pay good dividends to Canada, and as to the force being a tourist attraction, the minister should go out in front of this building and he would understand that. I do not think they are doing anything much in the way of our protection, but they are certainly an attraction to tourists. No one questions that.

But I should like, if I may, to get some answer from the Minister of Justice with respect to the taxpayers' money being spent on the use of the R.C.M.P. to investigate honest, decent, upstanding citizens of this country, and although this may not be admitted officially, it is nevertheless a matter of fact. I know that the minister, and naturally so, has already made clear his pride in the R.C.M.P. and that he objects to any attack being made upon them. May I say through you, Mr. Chairman, to the minister that anything I have to say—and I think this applies to everybody else in this group—is not an attack on individuals, nor on their position, but on the use made of them by successive governments over a long period of time. I am not just talking from hearsay when I say there is great objection to their use in the manner I have indicated. I think I have had a greater experience than many hon. members with regard to this way of using the force. I do not blame the individuals.

I can go back to when I was only nine years of age, when no less than once a week the R.C.M.P., between four and six o'clock in the morning, invaded my own father's home. They did so because he was the president of the one big union and at that time it was something terrible to be a trade union leader. I have been kicked out of my bed at five o'clock in the morning by the R.C.M.P. in the period between 1916 and 1919 because they wanted to search under the mattress to see if there were any books on Marxism or something of that nature. That is my first recollection. I am not complaining about the individuals who were involved because while they were doing that in the bedrooms of our home my father was downstairs pouring tea for them.

Why did I enter politics? Because in 1930 I happened to become involved in an unemployment demonstration and was very severely beaten by the R.C.M.P. I do not think the R.C.M.P. wanted to beat up me and the others but they had their orders to clear the streets. I simply give these two examples. When we ask questions now about the use of the R.C.M.P. they are not questions about individuals but about the use that is made of them and the orders that are given, especially when they are used in connection with strikes.

I have been leading up to a question which I and others have raised over the past few years and I hope that for the first time I will be able to get a direct answer from the Minister of Justice this afternoon. The R.C.M.P. come under his jurisdiction, at least as far as estimates are concerned and, in fact, I believe the Minister of Justice has complete authority over the force.

A few moments ago we heard a discussion of subversive activities and investigations. I should like to ask the Minister of Justice this question. Since he has held office has he put an end to utilizing the time and services of the R.C.M.P. under somebody's orders, whose I do not know, to report on the travels, activities and statements of active trade unionists and those who do not belong to either the political party of the government or of the official opposition? Has the minister done anything at all to investigate why that was done in the past and to ascertain what records are now held by the R.C.M.P.?

I will stand in this house and say that nobody in the House of Commons has a greater belief in and love for democratic procedures and principles and a geater love of this country than I have. There is no person in this house who is more anti-communist than I am and many others whom I could mention. Yet I know of at least one member of the house who, although he is not supposed to have seen it has seen a record concerning himself compiled by the R.C.M.P. I have never seen my own but members of the R.C.M.P. who have resigned

have told me that there is a file on myself. I have actually seen quotations from it. When we are as democracy-loving and anti-communist as we are, I should like to know whether this is still going on. In my opinion there is only one man who should know. We have been told in the past that the minister did not know but I say that the minister must know where the money comes from because it is in his estimates somewhere, and if this practice is still being carried on in Canada I maintain that it constitutes subversive activity on the part of the force.

I should also like to know about this man Pat Walsh. I have inquired for years about his statement that he did more to create subversive activity in the communist party than almost any other man in Canada. Seven years ago when he got out he said that all the time he was engaged in subversive activity he was an agent for the R.C.M.P. I have never been able to get any answer with respect to that matter because the reply always is that the R.C.M.P. and the minister cannot give us that kind of information. I should like to know the answer from the Minister of Justice because we have never yet been able to get an admission with respect to whether the R.C.M.P. were being used to incite the communist party to engage in disturbance and aggression through a paid official.

What is the position now of Pat Walsh? In view of the fact that I am so strongly anti-communist I am getting a little bit fed up with receiving through the mail week after week publications from this man addressed to "Commie Lover, Harold Winch." Is he still on the R.C.M.P. payroll and is it still part of his work to antagonize those who are true democrats simply because we do not happen to be Conservatives or Liberals?

Mr. Johnson: Why don't you sue him?

Mr. Winch: That is what I am asking. Is this a democratic country or are you only a democrat if you happen to be a Conservative or a Liberal? I think this is a serious matter. We have never yet been able to get a straight answer as to the use of the R.C.M.P. with respect to active trade unionists and those who happen to be opposed not just to the two old political parties but to the economic system. We have never had a direct answer in the six years I have been in the house. The Minister of Justice is a democrat and I know he would never question my love for or loyalty to this country. I also know he would never question my anti-communist attitude. I am going to ask him here and now if he will have the decency, the fortitude, the honesty to get up in the House of Commons right now and tell us what use is made by the R.C.M.P. of a certain fund that is under his jurisdiction and why and under what conditions a particular section in the R.C.M.P., and I know there is one, checks on certain individuals. I should like him to tell us on what basis they make these checks on trade unionists and certain members of the House of Commons. I think we are entitled to know the answer.

Mr. Fulton: With respect to the questions asked by the hon. member for Vancouver East, I do not know whether I shall be branded as lacking those qualities which he hypothetically attributed to me if I fail to answer his questions to his satisfaction, because I am not going to be able to answer his questions to his satisfaction. I think that on reflection, when he reads tomorrow what he said in *Hansard*, he will find that he has asked me questions resembling, have I caused the R.C.M.P. to stop beating their wives? That is not a question that can be answered, nor can the questions that the hon. gentleman has asked be answered for a variety of reasons, but most of the reasons are that he phrased his questions in that form.

With regard to the interest of the hon. gentleman in preserving the democratic way of life, I unreservedly state that I respect his interest in that thought and I respect his anti-communist feelings and I make no suggestion that he is not entitled to the answers because of any suspicion of his motives or of his patriotism. The hon. gentleman was here this morning when we had a discussion and the reasons were given at that time why these questions cannot be answered.

With regard to the question of files on individuals, I did on an earlier occasion, July 8, 1958, in answer to a question in the house asked me by the hon. member for Skeena, make an extended reply explaining the reason why questions of this sort, asking whether there were files on individuals, whether we make investigations of individuals, whether we have individuals who are on the payroll as agents, cannot be answered. I would refer my hon. friend to page 2047 of *Hansard* of July 8, 1958, where he will see the reasons which I gave at that time for my inability to answer such questions.

Mr. Peters: Mr. Chairman, a great deal has been said on this matter.

Mr. Fulton: It was all said this morning.

Mr. Peters: I realize some of it was said this morning but I do not agree with what was said. I am of the opinion that Canada is not in a condition of war or of threat of

security risks of that nature. I think that this force has been built up by some of the officials—

Mr. Fulton: Vote against the item and let us get on with it.

Mr. Peters: I think some of these forces have been built up by that department and now it is growing beyond all proportion. I understand that we are now enlarging the headquarters of the R.C.M.P. I might suggest we are probably enlarging it because what the minister promised a year or two ago did not come to pass and will not come to pass, namely his statement that if these files proved inactive for a period of years—and I think at that time he mentioned the period of five years—they would be destroyed.

Mr. Fulton: Mr. Chairman, I am not aware that I made any such promise. Before my hon. friend makes such statements of a general scattered nature I think he should turn up *Hansard* and give us the reference. If he has a specific undertaking in mind that he wants to deal with I shall be glad if he will refer me to it and I will deal with it, but I do not accept general allegations of that kind.

Mr. Peters: I did not know this matter was going to be raised again and therefore I have not the reference in *Hansard*. It happened the first session I was here, in 1957. I do not say the minister gave the assurance that those files would be destroyed; I think he said at that time his officials informed him that if they were inactive for a period of time—if I remember rightly, it was a period of something like five years—they would be disposed of. I cannot speak from personal knowledge either as to whether they have been or not; I have not been across the border for a number of years and I do not know. I cannot speak from personal knowledge that I have a file at the border point, that this information has been given to the United States immigration authorities or the Canadian immigration authorities because I have not been there recently.

If the minister wishes to carry on this type of department, if this is going to be done, then the next time the minister's estimates come up we are going to have to personally mention some of these files, and I am not sure that that is advantageous. If the minister is going to continue in this way, then we shall have to produce the names of some of these secret service agents. I am quite sure we can find out who some of them are who are operating in the Kirkland Lake and Timmins areas. I do not think it will be too difficult to find out the names of some of those people. If we want the names and information on what they are doing and who they investigate, what kind of investigations they carry on, and so on, I think that because of the connection that some of us have with municipal police and municipal authorities we can obtain that information, and I think this will eliminate their usefulness in those areas.

If this is what the minister wishes to do, if he wishes definite proof each time of these things, then I think we can probably get it. I suggest that we may be able to get some of these files from their offices. I think we may even be able to do that if we are going to have to play with the Department of Justice, or it is going to carry on activities against members of parliament and others. Maybe it is time to start a little private investigation of our own. We have some connections, and I think they will give us some information on some of these matters. I think the time has come for us to quit chasing after this political dilemma.

Mr. Fulton: So do I.

Mr. Peters: We should cease thinking that everybody who has ever said anything in public is a subversive, anybody who has ever attended a meeting held by the communists, the fascists or practically anybody else, is a subversive. It might be interesting to the committee to know that I am informed that the leader of the former minister of justice was also investigated not so very long ago when he was premier of Ontario, by a man whom he appointed as his security officer in the province of Ontario for the department of highways. It seems that at one time or another he had attended a meeting and therefore, I presume, would be suspect. The same gentleman informed me that he also had checked his attorney general at that time who was a member of the same party and that he had a file also because he had committed an indiscretion in younger days and had attended a meeting that was held by what would be considered to be a front organization.

I was informed by the commissioner of the R.C.M.P. a number of years ago of some of the facts that were in my own particular file. I do not think there is any secret as to what they were. I was going to a veterans school under the veterans university extension grants. I became president of a council in that school and we had a number of difficulties with the government of the day. We objected for one thing as a council to the food we were getting. We circulated a petition that came to the House of Commons and some objection was raised to that, but when it ended up in my file, according to the information from the commissioner of that day, I was considered to be a rabble rouser to be watched.

Another matter that entered into the file had to do with some difficulty we had when I was in the air force. We had a problem which was quite a simple one. We lived in town, lived off the station. We arrived at the station on several occasions a few minutes late because the buses, just as the buses in the city of Ottawa are at the present time, were very crowded at peak periods. We got to the station late and they confined us to barracks. A number of us were sitting around having coffee and we decided that this was not fair. We were working from eight o'clock in the morning until about five at night and it was not fair to confine us to barracks because we were late. The minister can laugh; the minister can think this is a big joke; but this is in my own particular file. This is the type of evaluation that the minister and his department are giving to the immigration authorities which causes people embarrassment every time they cross the border. You say you give it no evaluation, but I am telling you what is in it. It is the type of file you would have, too, if you had attended a communist meeting for one purpose or another.

In this particular case you may even refer to it as a sitdown strike. We did not repair the aircraft on which we were working. We accumulated, by arrangement, more aircraft on the field than were normally held there and a meeting was held in the squadron I was with. They told us if we did not come in, if we were late or did not work overtime at night, then we had to put in another four or five hours. Now, nothing was ever said about it but, according to the commissioner of the R.C.M.P. at that time, these were the two things that happened to be on this particular file on me. These things were in the R.C.M.P. file. One of them came from the air force and another one came from a veterans' school.

I suggest that these are not the kind of files that protect us against security risks. I have done many things that were much stronger than those since then, and the file might be accumulating a great deal of weight. I do not believe any of those things were unpatriotic. I do not believe any of them have been breaches of security of Canada as a nation. These files are the type that should be disposed of. If the minister says that we cannot disclose this information because it would be a security risk, then I say I believe the minister is wrong. If he gets up and tells me that is his opinion, then I am going to spend the next six months finding out just exactly what some of these individuals in the R.C.M.P. do. I am going to check and find out what some of the officials do, because some of these officials must have small, narrow, little minds that should be investigated. If this is the type of security that they are affording to our country, it is time for a change in the regulations that govern it.

I have no objection whatever to investigating and keeping a file on people who are acting against the security of this nation; that has to be done. There are many people, even housewives of whom I know in the town of Timmins who have been investigated because they knew somebody who had a brother or was connected in some way with the labour progressive party. We are going to have to deal with these files, and we are only going to keep those files which serve some purpose. The rest of them should be thrown out the window.

Mr. Pickersgill: Just before the item carries, I wanted to ask the minister if he was aware of a publication called *Canadian Intelligence Digest*. I should like to tell him why I am asking this question. This periodical—I suggest that is the way to describe it—that is distributed gives the impression that it has some official or quasi-official connection. I know it reaches my desk in some fashion unsolicited by me. I think it would be useful if the minister would indicate quite clearly it has no connection whatever with the police or with the department.

Mr. Fulton: I have not seen what is known as the *Canadian Intelligence Digest* for some time, and upon which my friend bases his statement that it does give some impression it is a semi-official publication. The reason I have not seen it is that it does not get any closer to me now than my wastepaper basket.

Mr. Pickersgill: The minister has a secretarial staff, and I have not.

Mr. Fulton: I have not seen it myself, but I have no hesitation in saying it has no connection whatever with the R.C.M.P. or any department or agency of government.

Mr. Pearson: Can the minister also give the committee the assurance that the kind of information which my hon. friend has spoken about could not get into the hands of the authorities of the United States in a way which would prevent him being permitted to enter the United States? I do not question the right of the United States to keep out anybody they want to keep out, but I should like assurance that they could not keep Canadians out on the basis of information obtained in that way.

Mr. Fulton: Nothing that the hon. gentleman thought was on his file was of a nature that would be communicated in the manner raised by the Leader of the Opposition. I was

tempted to ask the hon. member for Timiskaming what commissioner it was, and what the details were that were given but I was afraid he might say that I was persecuting him or following up an unfair investigation. I should be very surprised indeed if any commissioner of the R.C.M.P. gave all the information with which the hon. gentleman has regaled the house. I just want to say that I do not for a moment intend to try to follow all the implications of what the hon. gentleman said because the very vehemence and absurdity gave their own answer. I do not, for a moment, accept the implication that a particular member of parliament is picked out, if any members of parliament are picked out, and investigated, whereas those favourable to the government or the official opposition are not. I have indicated in my statement to which I have already referred on July 8, 1958, page 2047, how these files are started. Files are started in that way only, whether the subject of the file is a member of parliament or not a member of parliament.

Mr. Winch: I am going to say a word about these files. I am going to challenge the Minister of Justice right now to tell the members of this house whether the R.C.M.P. do keep track of any members of parliament, in what they do and in what they say?

Mr. Fulton: I am sorry. I did not want to take the time of the committee, but apparently I shall have to read the answer I gave on an earlier occasion. The question was this:

> Does the R.C.M.P. maintain any files or dossiers on members of parliament? If so, upon which members of the present parliament are such files or dossiers maintained?

The answer is recorded on page 2047 of *Hansard* for July 8, 1958 as follows:

> All Royal Canadian Mounted Police files on individuals are confidential and many are secret. One of the primary duties of all those responsible for such files is to respect and preserve the confidential or secret nature of their contents.
>
> It will be appreciated also that a large number of such files are started by reports, statements or knowledge of activities coming to the attention of responsible members of the police which they are bound to investigate in the course of their duties. The follow-up on such reports in many cases reveals no necessity for further action, yet there is still a file. This means that many files will be in existence under the names of individuals against whom there is nothing of a substantial, let alone a criminal, nature.
>
> It will therefore be generally agreed that it would be grossly unfair to any such individual to have it revealed or even suspected that there exists a police file under his name, yet there may be many ways in which such a suspicion could be raised. One of the surest ways of laying the foundation for the raising of suspicion would be to isolate a group of individuals, such as members of parliament, start answering questions as to whether there are any files on any of them and then refuse—as would have to be done—to go any further when questioned as to the existence or non-existence of a file on a specific member or members of such group. But this is exactly the door which would be opened by an answer to this question.
>
> Not only would this lead to the possibility of prejudice to an innocent individual, but if there were in fact with respect to any one or more members of such group a file or files which contained information serious enough to warrant further investigation, the success of the investigation and possibly the security of the state, might be seriously prejudiced by giving any information whatsoever.
>
> It therefore follows that, both in order to protect innocent individuals on whom there may be files and to preserve the interests of the state, the answer must be that it is considered to be contrary to the public interest to give a specific answer to this question.

Mr. Winch: All I can say is this: I have no objection whatever, and you can produce my file any time you like. As a matter of fact, I should like to see exactly what is in it. But beyond that, I do want to say that, if you are continuing your investigation under your gestapo in the R.C.M.P.—

Some hon. Members: Oh, oh.

Mr. Winch: —I do not mean "your" in a personal sense because I have—

Mr. Fulton: On reflection I do not think the hon. member would want to apply that language to our present people. I do not think he would really want to use that word in respect to the force.

Mr. Winch: If you have in any police force of a nation a secret force investigating individuals at all times, including active, honest and true patriots in trade unions and in parliament, then I say that is a gestapo.

Mr. Johnson: Why don't you say N.K.V.D.?

Mr. Winch: However, if you do not like the word "gestapo" I will withdraw it and I will say that I object to the principle in a democracy of a secret force making secret investigations which cannot be known to the individual at any time and as a result of which he can be condemned and damned without himself knowing anything about it or being able to answer any of the charges.

What I rose to say was this, Mr. Chairman. As far as I am concerned, I appreciate the remarks of the Minister of Justice that he himself in no way questions my own democratic attitude, my own loyalty or my own patriotism. What I want to say is this. If the R.C.M.P. wants to carry on spending the taxpayers' money, it is going to be a waste of it because I never intend to change my loyalty and patriotism and I think the taxpayers' money can be better spent in other directions.

Mr. Peters: The minister wanted to know when this information became available to me. In 1947 or 1948 I attended Carleton college. At that time there was some question about the student group at Carleton making inquiries to join a student organization which I previously had known to be communist dominated coming out of a university in Montreal. Also there was a chap at college at the time who was known, certainly to one or two other members of the house here, or considered to be communist and who headed up the L.P.P. at the time. He produced the request in a meeting in which we were asked as students to join this organization. At that time I objected to joining the organization. I objected to joining the organization because I understood it was a front organization. One of the members here may remember this occasion as I believe he was there at the time.

The meeting finally broke up with the suggestion that I approach the R.C.M.P. and find out whether this was a communist front organization or whether it was not. Because of this, I went to the headquarters of the R.C.M.P. and asked the man at the desk whether that organization was a communist front organization. He immediately showed me in to see an officer who immediately, after I put the question, showed me in to the officer in charge and in about four jumps I was in Commissioner Wood's office. He at that time discussed the matter with me. He asked me a number of questions about it, why I assumed it was, and a number of other questions. Then he turned to a corporal and he said, "Would you go in and see if we have anything on this particular gentleman and also see if you have anything on Peters?" When he came back with the communist file it was a small thin one. When he came back with the one that was mine, it was quite a big one and he pointed out some of the things that were in this particular file at the time.

Mr. Howard: I should like to make one brief inquiry not on this particular theme that has been the subject of discussion here. I wonder whether the minister could tell us how many members of the force there are who are assigned to what I would classify as the narcotics detail or the one that deals specifically with tracing or looking after the flood of narcotics into the country and the apprehension of the people who are either in possession of or are trafficking in narcotics.

Mr. Fulton: Mr. Chairman, I think it will take a minute or two to get that information. I wonder whether I could answer the question under item 364. I hope to have the information by that time. That is under land, air and training division, operation and maintenance. I shall try to have the information by the time that item is reached.

Mr. Howard: I should like to pursue the matter a bit beyond the actual statistical figure. Would I be able to discuss narcotics under item 364?

Mr. Fulton: Yes because it is under land and air operations that the narcotics squads of the C.I.B. operate.

Item agreed to.

Land, air and training divisions—

364. Operation and maintenance, $35,227,872.

Mr. Fulton: I have not the information yet. The reason we are a little bit slow in getting it is that the narcotic squad are parts of the criminal investigation branch and the general breakdown is C.I.B. in each division and subdivision but they are not broken down by narcotic squads. We would therefore have to isolate the men in the narcotic squad in each division. We are working on that now. Perhaps my hon. friend would like to make his general remarks and I will see whether I can get him the details.

Mr. Howard: Generally my remarks relate primarily to the question of where have we discovered that narcotics come from. From what country do they enter Canada or from what ports of entry is the concentration of the inflow of narcotics. What countries do they originate in generally speaking? Is there any close liaison between the narcotics division or branches in other countries of the world, specifically the United States because of its proximity or countries in which narcotics originate, in order to keep in touch at the international level with the channeling or distribution of narcotics from one country to another? Generally, how effective is this sort of watch?

Apparently with the continued increase in the number of people who are addicted or are becoming addicted to narcotics, it would seem to me that inasmuch as we do not—and this is only a belief of mine—grow and produce narcotics here in Canada—somebody may grow in his backyard a row of poppies but beyond that I do not think that Canada itself produces any narcotics—just how effective, if there is such a thing, is this international liaison with other countries. Do we exchange information with other countries, say particularly the United States because of its proximity and because of the easy manner in which people travel from one country to another? Do we exchange information with the United States narcotics officials about known addicts and traffickers here in Canada and do we receive from the

United States or other countries dossiers or information about known narcotic addicts or traffickers or agents who are in those countries.

Mr. Fulton: I am informed that there are 68 members of the force on full time narcotic squad duties, mostly in Montreal and Vancouver and some in Toronto. In addition, of course, any member of the C.I.B. can be detailed specially to narcotic work at the time of any special investigation or round-up. With regard the country of origin of narcotics, they come mainly of course from countries of the Middle East and the Far East. I am told that the main port of entry into Canada is Montreal. The amount of actual entry through Vancouver, oddly enough, is comparatively small, although Vancouver is one of the main centres of narcotic activity in the sense of the presence of addicts. In view of the presence of addicts, I believe, it is what might be called an attractive place for pushers or peddlers, but it is not one of the main sources of entry for narcotics themselves into the country.

With regard to the exchange of information, we do exchange full information on narcotics with respect to known addicts and all other phases of anti-narcotic law enforcement with the United States and with all other countries who are members of an organization called Interpol, which is an international police organization. We have maintained the normal contacts with the United States through Interpol, and I am informed in addition we have a special continuing liaison with the United States on narcotic problems because of the proximity of our two countries.

Mr. Howard: Mr. Chairman, it is very kind of the minister to give that sort of information. I was a little surprised, pleasantly so. I would have thought the concentration of addicts in Vancouver may have been occasioned because Vancouver was the port of entry of narcotics; but I guess we can attach the reason for it to our balmy and well tempered weather out there.

The minister mentioned that the Middle East and Far East countries are the major sources of origin of narcotics for distribution to other parts of the world, and I wonder if he could indicate to what extent narcotics are supplied out of Hong Kong, and whether or not those which come from Hong Kong, say to Montreal in this case or to other parts of the world from that area, originate in the mainland of China? To what extent is China, as far as we know, participating in the growth and distribution of narcotics to the rest of the world?

Mr. Fulton: Mr. Chairman, I am told we are not able to trace directly the narcotics coming into Canada to red China. It is believed that the majority of the supply coming into Canada comes in from countries in the Middle East. The raw material is grown in countries in the Middle East, processed in Italy and France, and comes into this country mainly via Montreal and New York.

Mr. MacLean (Winnipeg North Centre): Mr. Chairman, I just want to ask the minister a brief question. It has appeared to me over the past few months that there seems to have been a great number of arrests and prosecutions in the city of Winnipeg with regard to possession and trafficking charges. I do not know the number but it appears to me there are more this year than last year. I have not got comparative figures so perhaps I am wrong and the minister can correct me. I would also like to know, if the minister has the figures there, whether or not there is any evidence or reason to believe that there is any greater trafficking or possession of narcotics in the city of Winnipeg than has been the case previously.

Mr. Fulton: No, Mr. Chairman. I am told the activity in Winnipeg both with respect to the number of men working on anti-narcotic work and the number of prosecutions is about normal.

Item agreed to.

365. Construction or acquisition of buildings, works, land and equipment, $5,826,605.

Mr. Herridge: Mr. Chairman, I want to make a brief reference to the recent policy of the department in building R.C.M.P. headquarters and facilities in the smaller communities to a much greater extent than in years past. I must say I heartily approve of it because I think it makes for much better administration and provides better facilities for the members of the force who have to serve in the smaller communities sometimes with very poor and inadequate facilities. I presume the policy is now developed and more stable because of the continuing contracts with provincial governments for the services of the R.C.M.P. I am very pleased at the program of the department in undertaking the construction of these smaller buildings in the smaller communities at a time when it will provide employment instead of some measure of unemployment. I think it is very wise that planning is undertaken in that respect particularly in smaller communities where work possibly

to some extent is more seasonal. I understand the department is planning to have construction undertaken where it will employ people who would otherwise be unemployed.

I understand the department is building several of these smaller buildings in the Switzerland of Canada, which is Kootenay West. I am very pleased to know that the one at Castlegar is about completed. There is a good deal of local interest in this question. I have received letters from organizations and individuals as to when construction will start, what is the type of building which will be built, and so on. Could the minister inform me when it is likely that construction will be commenced in the village of New Denver and in the Elysian village of Nakusp?

Mr. Fulton: Mr. Chairman, I am grateful to my hon. friend for his interest in this matter and for his appreciation of the construction policy of the force. We are trying to work this out on a national basis, on the basis of a complete program, assigning to the various points where R.C.M. Police are stationed a priority with regard to their accommodation requirements. Then we can arrange to meet the requirements at a set annual rate, and by the time the program is finished we will have provided accommodation at every point, we hope, where it is needed. I make that general explanation because I want to explain why some places where police are stationed are not having buildings built this year whereas other places are. I know it does give rise to hard feelings as far as certain areas are concerned. They say that if such and such a place with perhaps a smaller population has a building built there, why cannot they have a building built where they have more people. The program of priorities being worked out is worked out having regard to all the factors properly to be taken into consideration, one of them being the state of the accommodation at each point, so that a point which has a reasonably adequate building now, although it may not be all that is desired, is likely not to be given as high a priority as an area where the building is pretty well totally inadequate.

With regard to specific points, at New Denver the site has been purchased and we will probably go ahead with preparing plans and specifications this year or early next year; but it is not intended to commence construction this year because the priority assigned to New Denver does not call for construction this year. As regards Nakusp, I believe tenders are out and construction is expected to be completed this year.

Mr. Pickersgill: Could the minister tell me how many of these buildings are actually under construction in Newfoundland, or projected for this year, and where they are?

Mr. Fulton: With respect to Newfoundland, at Corner Brook we expect to go ahead this year with the construction of a sub-division administration building and a garage, $100,000 being provided for this in this year's estimates. Construction of detachment quarters is proceeding as follows: At Gander, now in progress and to be completed this year; at Port Saunders, now in progress and to be completed this year; Grand Banks, now completed; Channel, under construction but may not be completed this year.

Mr. Pickersgill: Why is the hon. minister discriminating against Bonavista-Twillingate?

Mr. Fulton: I have no knowledge of what constituencies these quarters are in. If there is no place in Bonavista-Twillingate selected for construction it is because in accordance with the program I have outlined, it does not rate the priorities necessary. It has just been pointed out to me that a new building was completed at Twillingate in 1953, and I hope that the rigours of the Newfoundland climate have not made a new one necessary yet.

Mr. Pickersgill: Buildings have been put up more recently than that. There was one at Glovertown more recently. In fact, the R.C.M.P. has done well in that part of the country.

Item agreed to.

The Deputy Chairman: That completes the estimates of the Department of Justice.

DEPARTMENT OF TRADE AND COMMERCE

380. Departmental administration, including fees for membership in the international organizations listed in the details of the estimates, $2,636,084.

Mr. Churchill: Mr. Chairman, on Friday last I tabled the Department of Trade and Commerce annual report for 1958. Copies of the report were at the same time made available to all members of both houses of parliament. The form of the department's annual report has been considerably altered this year. The usual factual account of the trade situation has been expanded and a new section "Trade Policy Developments" has been introduced. The discussion on administrative matters has been greatly reduced. The objective is to give hon. members a clearer and more comprehensive account of the department's activities and objectives. In these remarks I will bring the material in the 1958 annual report up to date. I will deal with the various subjects in the order in which they appear in the report.

I turn now to world trading conditions. Section A of the department's annual report

indicates that world production and trade declined in 1958. There were, however, encouraging signs of general recovery by year-end. Since then, expansionary forces have broadened and gained further momentum.

In the United States, economic activity has been expanding steadily since the spring of 1958. Aggregate production in that country regained its previous maximum by the beginning of 1959 and has subsequently moved into new high ground. By May industrial production had increased 20 per cent from the recession low and was four per cent above the previous peak of early 1957.

Recovery in the United States has had a stimulating effect upon conditions in other parts of the world. A rising level of purchases by the United States in other countries has helped to stimulate physical activity, and has contributed to a further strengthening in the balance of payments and reserve positions of overseas areas. Sterling area reserves have continued to mount since the end of the year.

Recovery in other industrial countries has lagged behind that in North America. Nevertheless recessionary trends were checked during 1958, and there is now a clear indication of renewed expansion in the United Kingdom, West Germany and Western Europe generally, and also in Japan.

Meanwhile, the less developed areas of the world, though still handicapped by foreign exchange limitations, stand to benefit from the moderate improvement under way in world commodity markets and from greater availability of funds from international financial institutions and other sources. An increasing supply of foreign earnings and capital funds will permit more rapid development in these countries and this, in turn, will stimulate world production and trade.

In general, the international economic climate is better now than a year ago and is improving steadily. In Canada the pace of activity picked up sharply in the closing months of 1958. Previous peaks in aggregate production and employment were surpassed even sooner here than in the United States. This upward movement in general activity has continued in the current year. The improvement under way is forcibly illustrated in recent economic statistics. Figures on Canada's gross national product recently released by the dominion bureau of statistics show that the value of national output in the first quarter of 1959 increased by two per cent from the previous quarter and by six per cent from the corresponding quarter of 1958. Industrial production, which for the most of 1958 was below the level of the previous year, is, on the basis of the latest figures available, running nine per cent higher than a year ago. Total employment, which had remained fairly stable during 1958, showed a stronger trend than usual in the early months of the current year. In May, 100,000 more persons held jobs than in the same month last year, an increase of about two per cent. Unemployment has been declining and is now appreciably below the recession level.

Widespread increases in operating rates throughout Canadian industry have brought a simultaneous pick-up in both business and employee earnings. By the first quarter corporation profits had increased by one-fifth from the recession low and were already up to the maximum level reached in the previous boom. Labour income, which had declined briefly during the business slow-down, has moved sharply ahead since last fall and by March was seven per cent higher than in the same month last year. So far in 1959 returns to farmers have held to the sharply improved levels of the previous year.

These indicators of general activity reflect a substantial and continuing improvement in economic conditions in Canada. The current upswing to date has been relatively free of physical dislocation and strain and the general level of prices has remained steady.

A major stimulus underlying the current expansion has been a freer spending attitude on the part of the Canadian public. Consumer incomes had continued to rise even during the recession, and this upward movement has been reinforced by the recent upsurge in employee earnings. For a time spending lagged behind incomes. However, new consumer interest, particularly for automobiles and other durables, appeared in the closing months of 1958 and has been maintained throughout the early part of the present year. This pick-up in consumer spending appears to have been based, in large part, on cash sales. Increases in instalment credit have so far been quite moderate, indicating sustained strength in the financial position of the Canadian consumer.

Another important expansionary influence has been the change in business attitudes toward inventory holdings. Substantial liquidation of stocks in the early part of 1958, followed by a general strengthening in sales, has led to a renewed build-up of inventories. Since the beginning of 1959 this inventory accumulation has added materially to the flow of new orders.

Favourable market prospects both at home and abroad are also having their effect upon the capital investment climate. The year-end survey of investment intentions for 1959, which became available early in March, indicated a projected level of capital outlays, both private and public, amounting to $8.3

billion, slightly below the $8.4 billion expended in 1958. The customary mid-year review of spending plans is now under way. Although the final figures will not be available for another two weeks or so, the results to date indicate upward revisions in anticipated outlays sufficient to raise total projected spending for the year up to and probably a little above the actual outlays in 1958. This improvement is indicated despite the present decline in housing starts which had been indicated in the earlier estimates. Realization of these revised investment plans would entail a rising volume of work on construction projects and machinery and equipment orders during the balance of the year. In other words, aggregate demands arising from capital spending are likely to be another important expansive influence in the economy in the months ahead.

The favourable effects of the current strengthening in market conditions are already evident in most sectors of Canadian industry. Among the material-producing industries notable advances have been made; in primary iron and steel, where output is up 20 per cent so far this year; in lumber products and wood pulp, and in various chemical fields. The growth in automobile sales, while still favouring European-type cars, has nevertheless brought a nine per cent rise in domestic passenger car production in the year to date. The increase in output of commercial vehicles has been more pronounced at about thirty per cent. Home appliance trades have been unusually active with sales of larger items such as refrigerators and freezers, stoves and washing machines, up by substantial percentages. Clothing and textile industries, though slack in some areas, have been operating at considerably higher levels than last year. The present resurgence in industrial construction along with continuing growth in commercial and public building should mean another very active year for the construction industry and related trades despite the current fall-off in housing.

Competition from imports continues to cause difficulty for a number of Canadian industries. In addition to automobiles, clothing and textile trades, rubber footwear and some other sectors have experienced a diminution in their share of the domestic market. For a majority of lines, however, shipments from domestic sources have been rising more than imports during the initial phase of the current upswing.

In the trade field the department's annual report indicates that a high level of exports over the course of the 1957-58 recession was an important sustaining influence in the Canadian economy. This stability in total exports in the face of a general decline in world trade was a notable achievement, especially when considered in the light of Canada's dependence upon traditionally volatile world food and material markets. This achievement can be interpreted as a reflection of the diverse nature of Canada's trade and of the broadening out into new export fields, which has proceeded at an accelerated pace during the present decade. As a result of this diversification, declines in the sales of industrial materials were offset last year by increases in other items, including newly developed export lines such as uranium.

For the first five months of 1959 total sales abroad have held within three per cent of last year's high level. This slight decline in exports so far this year is not to be considered as indicative of an underlying weakness in Canada's export prospects. Quite the reverse would seem to be the case. Rising production in the United States and in other countries has yet to exert its major impact upon material requirements from Canada. Sales of certain items, such as lumber, chemical pulp and iron ore have strengthened materially. In the case of a number of other commodities, however, the initial increases in material requirements arising from the world upswing in production are being met through the utilization of idle capacity within consuming countries themselves. The current increase in aluminum consumption in the United States, for example, is being supplied from domestic sources, a development made possible by extensive additions to capacity within the last few years. A somewhat similar situation applies in the case of newsprint. As the current upswing broadens, greater reliance on Canadian sources of supply can be anticipated.

Meanwhile some of the special market situations which had contributed to the high volume of exports in 1958 have been changing. Wheat exports in the current crop year are a little below the unusually high sales of 1957-58 but are still at a good level; higher, in fact, than the average of the last five years. Following the completion last fall of deliveries of military aircraft under certain NATO contracts, exports in this category so far this year are down by $35 million, accounting for most of the decline in total exports. However, these figures do not tell the whole story. Large orders recently placed from the United States for Canadian transport aircraft will give an immediate lift to the industry even though this new business will not appear in trade figures until shipments are under way. The success achieved in this highly competitive field is further indication of the opportunities open to Canadian manufactured products in export markets.

Despite the somewhat mixed trends now evident among different categories of exports, underlying influences are encouraging. Rising production levels in the principal industrial nations should lead to a general upswing in world trade. While existing surpluses and restrictive measures affecting individual commodities may, for a time, limit the movement of certain goods, Canadian export industries generally are in a favourable position to benefit from further general strengthening in world markets.

Meanwhile steady expansion in the Canadian economy has resulted in increased imports which so far this year have been running eight per cent higher than a year ago. More imports, coupled with slightly less exports, have resulted in a deficit on merchandise trade larger than a year ago although still below that of 1957. This growth in the trade deficit is a natural consequence of Canada being in the forefront of the world economic advance and in these circumstances is not a reflection of weakness.

Looking at shifts in the geographic pattern of Canada's trade so far this year, it is noteworthy that sales to the United States have been increasing. On the other hand, the increase in Canada's imports has been shared by all major trading areas. This means that the regional balances in Canada's trade have continued to move in such a way as to benefit overseas trading areas.

This broad look at conditions in both foreign and domestic markets suggests generally bright prospects for the Canadian economy. As the year goes on the expansion in business activity now under way should be supplemented by strengthening demands from abroad and rising investment domestically. We have as yet to experience the full force of the current economic expansion.

I wish now to report on the main developments that have taken place since the beginning of the year in the field of commercial policy and in Canada's trade relations with other countries. As indicated in the annual report of the department the broad initiatives that were taken at the commonwealth trade and economic conference at Montreal, looking toward freer trade and payments, are being actively followed up in other international forums. Reference is made in the report to the decisions taken at the end of the year establishing the external convertibility of sterling and of other major trading currencies. These steps are of particular significance and create a new situation in world trade.

Canada, in concert with many other countries, is giving high priority to ensuring that the full logic of convertibility is translated as soon as possible into concrete trade results through the removal of discrimination and through further progress in the dismantling of import restrictions generally. There now exists a unique opportunity for the restoration of a truly multilateral system of trade and payments which would be of direct benefit to Canada and to the world trading community as a whole.

In reviewing our trade relations with commonwealth countries, the steps taken in recent months by the United Kingdom, Australia and other countries to dismantle import restrictions are of particular interest. We warmly welcome these measures. We have reason to expect that, in line with policy objectives pursued by the commonwealth, there will be further substantial progress made in this direction in the course of the year, and these moves will provide increased opportunities for Canadian exporters in commonwealth markets. The new trade agreement between Canada and Australia, which has been the subject of negotiations in recent months, should provide a framework for expanded trade between our two countries. Arrangements are now being made for the formal conclusion of this trade agreement and I hope soon to be in a position to report to the house on this matter. Preparations are now under way for a review of our trade relations with the West Indies Federation and it is our intention to proceed at the earliest opportunity with trade discussions looking toward further strengthening our traditionally close association with that area.

I turn now to the United States. The meetings of the joint Canada-United States cabinet committee on trade and economic affairs, which took place in January of this year, provided us with a valuable opportunity to review with our United States colleagues many matters of mutual concern and interest. I feel sure that as a result of these discussions closer understanding and good will have been developed between Canada and the United States. The subsequent decision of the United States to exempt Canadian oil from restrictions is a recognition of the importance of Canada's economic and industrial development to the well being and security of both our countries. No solution has, however, as yet been found for the problems created for Canada by the maintenance of United States restrictions on imports of lead and zinc. We continue to be seriously concerned about these restrictions, which place an unfair burden on Canadian producers. We have made our views on this matter perfectly clear to the United States on various occasions and have urged them to remove these unjustified restrictions.

The European common market is now in its first stage of development. In January of this year these six countries implemented the first steps in the reduction of tariff barriers and quantitative restrictions among themselves and some of these tariff cuts were extended to other members of the GATT, including Canada. The six common market countries are at present in the process of formulating their common agricultural policies and are also working out the level of the common external tariff which is to replace gradually the existing separate national tariffs. The development of this new economic entity in Europe is, of course, of major significance and importance to Canada and to all other trading countries.

Canada has already indicated its sympathy and appreciation for the broad economic and political objectives pursued by these countries. At the same time and bearing in mind the contractual obligations of the common market countries under GATT not to raise new barriers to trade, Canada and other countries are keeping the common market arrangements as they develop under careful review. Detailed discussions and consultations are actively being pursued within GATT to ensure that the views and interests of all trading countries are taken into account by the common market in the formulation of its policies. We will have an opportunity to make careful examination of the agricultural arrangements being developed by the six. In addition, arrangements have now been made within GATT for the negotiation of the levels of the common external tariff before it is put into effect.

We feel sure that the European common market, as one of the world's major trading groups, will wish to play a positive and constructive role in world trade, and will join with Canada and other countries in a common endeavour to expand world trade on a truly multilateral basis. As hon. members are aware, the distinguished presidents of the three agencies which administer the affairs of this new European community visited Ottawa recently and at that time we had a welcome opportunity to discuss these matters with them.

Apart from the common market itself, certain other countries in Europe, including the United Kingdom, are currently exploring the possibility of a free trade area among themselves, looking toward a broader association covering all of western Europe. These discussions are, of course, of great interest and significance for Canada. It is too early to be able to give any precise indication of their possible outcome, but I can assure the committee that we are following developments closely.

Through our participation in the general agreement on tariffs and trade we have now had an opportunity to review with other countries the full implications of the moves toward convertibility of currencies. At the meeting of the contracting parties in May of this year we were able to press home our case for the complete removal of discriminatory restrictions against Canadian goods and were encouraged by the response. There was general recognition by the contracting parties that, in accordance with the GATT provisions, there is no longer any financial justification for continued discrimination and we have a right to expect other countries now to implement their full GATT obligations toward Canada and take early steps in the removal of these controls.

Another major issue dealt with at this GATT meeting was the question of import restrictions maintained by Germany. We were successful in obtaining a firm undertaking from Germany to remove its import restrictions on a wide range of products, including certain basic materials of importance to Canadian trade. Germany was, however, unable at this time to undertake the removal of restrictions on a number of agricultural commodities. Arrangements have, however, been made under GATT which, while permitting Germany to maintain these controls subject to agreed conditions for a maximum period of three years, ensure that German policies in this regard will be brought under detailed and continuing scrutiny by GATT. This settlement, while not fully satisfactory, goes some way to resolving what has been a difficult issue in Germany's international trade relations.

At this May session of GATT we were happy to welcome the accession of Israel to GATT and the association of Yugoslavia with the work of the contracting parties. This will not only strengthen our own trade relations with Yugoslavia and the new state of Israel, but also provides evidence of a continuing and increasing interest among trading countries in this agreement.

We have continued to pay close attention to our trade relations with the countries of Latin America. A Canadian observer attended these recent meetings of the economic commission for Latin America, which were held in Panama. Canada also joined in the work of the coffee study group set up last year in Washington. This organization is of particular interest to a number of Latin American countries which depend on exports of coffee for a large proportion of their foreign exchange earnings. We also had an opportunity within GATT to consult and co-operate with representatives of Latin American countries

on a range of problems including proposals to achieve an expansion of world trade in agricultural products. We have customarily bought close to twice as much as we sell in our trade with Latin American countries. Last year our export sales to the area declined in the face of import restrictions, which many of these countries were forced to impose as their exchange earnings declined in a period of world recession. Now that international economic conditions are improving we look forward to the removal of these restrictions and to a substantial improvement in our trade with this important group of countries.

In the Far East, markets for Canadian goods are important for such products as wheat, coarse grains and industrial materials. In this area Japan is by far the most important trading partner. Our exports to Japan and to most of the other Far Eastern countries declined during 1958, reflecting the effects of the world recession. The outlook this year, however, is for improved business projects in Japan and elsewhere in the region.

There has been very little change in the level or distribution of Canadian trade with Middle Eastern countries despite the political changes which occurred in that region. Traditionally, Canadian crude oil imports from the Middle East result in a trade surplus for that area with Canada. Middle Eastern prosperity stemming from oil production and exports is reflected in a demand for Canadian durable consumer goods, basic foods and industrial materials. Opportunities seem to be open for Canadians to develop this market. There has not been any change in the framework of our commercial relations with Middle East or Far East countries.

The department's annual report reviewed some of the more important developments in the field of international commodity conferences and agreements during 1958. Early this year an important lead and zinc conference was held under the auspices of the United Nations in New York. On May 18 I tabled the report of this conference and indicated that there is now some prospect that world production and consumption of lead and zinc will be brought closer into balance.

It is premature to suggest that our lead and zinc industries are out of difficulties. There is presently a substantial surplus of idle production capacity in various countries. Stocks are large. However, it seems that the corner may have been turned. There is a downward trend of producers' stocks in the United States apparent from the most recent figures. It is to be hoped that these developments will encourage the United States government and other governments similarly affected to resist pressure for increased protection for their domestic producers.

The Acting Chairman (Mr. McCleave): I regret to inform the Minister of Trade and Commerce, but his time has expired.

Mr. McIlraith: Carry on.

The Acting Chairman (Mr. McCleave): Is it the wish of the committee that he continue?

Some hon. Members: Agreed.

Mr. Churchill: Thank you, Mr. Chairman. In April Canada ratified the international sugar agreement. A number of signatory countries have yet to complete ratification formalities and the deadline has consequently been extended until October of this year.

In the international tin council there have been some favourable developments of benefit to commonwealth and other producing countries. At the request of the council the U.S.S.R. has agreed to reduce its exports of tin to western countries during 1959. Russian exports have been depressing world market prices and this new development will have a stabilizing effect.

At its meeting in February the council was able to increase export quotas permitted under the agreement to producing countries. Canada and other countries participating in the agreement have removed import controls on tin imposed in 1958, also as a result of the understanding reached with the U.S.S.R.

Another important development in the international commodity field was the successful negotiation of a new wheat agreement which will run from August 1 of this year until July 31, 1962. There is now a resolution on the order paper for ratification of the new agreement and I expect to give the house a detailed statement when this item is called. For the present I will only point out that the new agreement has the full support of all farm organizations in western Canada and has been signed by all the nine exporting countries and by 26 importing countries. Under the new arrangements a larger proportion of the world trade in wheat will come under the agreement and new administrative facilities will be established for intergovernmental consultation on wheat production and marketing policies.

The administration of Canada's foreign aid programs is the responsibility of the department's economic and technical assistance branch, formerly the international economic and technical co-operation branch.

During the first six months of this year foreign aid programs have been expanded. Colombo plan funds have been increased from $35 million to $50 million and are

earmarked primarily for capital aid to underdeveloped countries in southeast Asia. As in previous years a large proportion of the total funds has been set aside for aid to India and Pakistan for specific development projects, ranging from cobalt beam therapy installations to hydroelectric projects, and for commodities, such as wheat, nonferrous metals and fertilizers. This continues the pattern of last year and reflects the continuing urgent need for development in industry and agriculture in Pakistan and India.

The level of assistance to other Colombo plan countries is being generally maintained, and in the case of Malaya increased. The Mekong river development project, which will benefit Laos, Viet Nam, Cambodia and Thailand, is in an early stage of preparation, and over the next two years $1.3 million of our Colombo plan funds will be channelled into this undertaking. A further amount of approximately $200,000 will be spent in financing the Colombo plan medical book scheme, which will make available to individual universities in southeast Asia a supply of up to date medical texts and works of reference.

In the second year of the Canada-West Indies assistance program, $2.1 million have been allotted from the $10 million fund to be spent over the 5-year duration of this scheme. Much of this money will be used to pay for the initial stages of constructing the two ships which Canada will present to the West Indies Federation.

The Canada-Ghana assistance program is being expanded this year to include all commonwealth regions which have not until now benefited from Canadian bilateral aid; compared with last year's allocation of $135,000 an amount of $500,000 is required in 1959 to finance the larger scheme, which will be known as the commonwealth technical assistance program.

Our expanded foreign aid activities are also taking the form of increased technical assistance. Since January 1, 1959 we have sent five more technical experts to Colombo plan countries, and three new advisers to Ghana. Meanwhile 52 trainees have been brought to Canada for specialized technical instruction under bilateral aid programs. In the first five months of this year the cost of these endeavours amounted to over $232,000. Canada has also co-operated with such multilateral aid agencies as UNTAA and UNESCO by recruiting five technical experts for overseas service and providing facilities for a further 79 trainees.

Finally, an entirely novel aid program which was foreshadowed at last September's Montreal conference is taking shape largely on Canadian initiative. This is the commonwealth scholarship scheme. The objective here is to provide 1,000 scholarships to deserving students in the commonwealth. Canada has undertaken to provide for 250 of these scholarships at an annual cost of about $1 million. The scheme will be a major topic of discussion at next month's commonwealth education conference at Oxford, England, and will go into effect in the fall of 1960.

At this point, Mr. Chairman, I should like to pay tribute to the Canadian business community. Our expanding trade and economic opportunities are not the result of physical resources alone. In the final analysis it is individual businessmen who translate ideas and opportunities into transactions and who take the risks and the consequences required under our free enterprise system. In an economy as heavily dependent on foreign trade as ours the high standard of living we enjoy is to a very great extent a measure of the enterprise and efficiency of Canadian businessmen.

Over the past year, I have met with hundreds of individual businessmen and have participated in many meetings of trade associations. My officials are constantly in touch with manufacturers and exporters. They visit businessmen in their plants; they participate in study groups and meetings organized by trade associations; they receive company officials in the department in Ottawa; and they provide a commercial intelligence service to businessmen which is unequalled by any other country. We value this regular contact highly. No new initiative is taken in the trade policy field, no new trade offices established or trade fair planned without consultation with our exporters.

It is, of course, not always possible to adopt all the suggestions we receive from industry. There are often conflicting interests within the business community itself or among the various sectors of the economy. On occasions we are asked to do things which do not fall within the jurisdiction of the federal government. The department, however, welcomes suggestions and representations from Canadian business and ensures that these views receive serious attention.

The two trade fairs sponsored by the department in the West Indies in January, February and March of this year are good examples of how this close liaison with exporters works to the advantage of our foreign trade. Officers of the department meet regularly with businessmen and trade associations interested in foreign trade fairs and when it became clear that the situation in the

West Indies was favourable for the development of increased trade with Canada, arrangements were immediately put in hand in co-operation with all interested exporters to present Canadian trade shows in Kingston, Jamaica, and Port-of-Spain, Trinidad.

Ninety-three Canadian firms exhibited at Kingston and 118 at Port-of-Spain. Over 166,000 West Indians visited our pavilions to view Canadian goods and to meet Canadian exporters, bankers and provincial and federal trade officials. As a result, many thousands of dollars of new export business was developed and many new friends made for Canada in this rapidly emerging sister nation within the commonwealth.

These trade fairs in the West Indies were two of the 28 separate events the department had in hand this year. The business community is convinced that participation in trade fairs abroad will lead to the development of new markets and our program is being stepped up in response.

I have mentioned our trade fair program as one example of co-operation between the Department of Trade and Commerce and the business community which has contributed to the expansion of our trade. There are, of course, many other areas of the department's activity in which this co-operation is proving invaluable. Our trade commissioners abroad are providing exporters with a growing flow of information on commercial possibilities and they in turn receive each day suggestions from Canadian businessmen about new products for which markets may well be developed. Our trade negotiators consult with industry before every international conference. As a result, they proceed with a clear understanding of exporters' interests.

There is on the order paper, Mr. Chairman, a further example of co-operation and consultation between government and industry to be found in the bill to amend the Export Credits Insurance Act. Through the amendments that the government is proposing new credit facilities will be provided in order to enable Canadian exporters to compete on even terms with exporters from other countries when they are competitive in other respects. These amendments, if passed by parliament, will enable the Export Credit Insurance Corporation, when authorized by the governor in council, to provide direct guarantees to lenders on approved export transactions. The amendments will also authorize the corporation to buy, sell and make loans on guaranteed export paper. The government's proposal has the strong support of the business community. I cited that as an example of our interest in the attempts to expand the export trade of Canada.

I have now reached the conclusion of my remarks. It is impossible, without taking much more time, to cover all the activities of such a wide-ranging department as that of trade and commerce; but through the annual report which has been expanded this year I think hon. members will have an opportunity to see how extensive the work of this department is and to see its ramifications throughout the world. During the course of the discussion of the estimates we shall be able to assess the work of the department during the last year and consider the program for the coming year.

Mr. Pearson: Mr. Chairman, the committee has listened with interest, I know, to the comprehensive statement of the minister on this extremely important matter. As I rise to speak at this time I do not feel that I shall be able to cover on this occasion all the points he has raised or indeed all the points that I may wish to deal with. As I will not myself be able to be here at eight o'clock, I shall make some preliminary observations now and perhaps will have an opportunity later of contributing to the discussion. Particularly, Mr. Chairman, I do not wish to repeat—and I am sure the committee does not wish to hear—observations from this side of the chamber on the general economic and trade picture of the country, a subject which was rather exhaustively covered by the budget debate. However, the minister has given an optimistic picture of the economic and trade situation. He has shown that the economy, during the year he covered in his statement, has given indications of strength, recovery and resilience and that there has been economic improvement both nationally and internationally. Certainly for Canada the two things go together.

Naturally we on this side of the chamber as Canadians welcome any indication of this strenghtening of the economic and trade situation in the country. We must welcome every move that is being made in that direction. As I have said, the minister has given an optimistic picture. It is an optimism which is based on the favourable evidence that he has been able to muster, a great deal of which appears in the annual report. He has mentioned how things like consumer spending and inventory accumulation held up and have made their contribution to that which he has called national expansion but which I think more realistically could be termed national recovery from recession. Expansion has not taken place but recovery has to some extent taken place. Of course, recovery is a necessary foundation, I admit, if expansion is to take place.

On the basis of the evidence that he has submitted the minister talks about national

expansion and compares what he calls international expansion with what has happened in the years prior to 1958. He refers then to the world recession from which we are nationally recovering and expanding. In his statement he has made it quite clear that in this recovery which we must all hope will be the foundation for expansion, nevertheless our dependence on international developments is as great as it ever has been. We cannot escape that particular hostage which we in this country have given to fortune. In that dependence on international conditions it is clearer than ever that our economic and trade relationship with the United States plays a most vital part. If this country has ever been economically dependent on the United States and United States conditions—and of course it has always been dependent to some extent—I suggest that dependence now—and I think the figures will show this, notwithstanding the varied nature of our international trade—is perhaps greater than it has been at any other time.

I do not know how we will escape this. I am not asking at this stage whether it is desirable or not to escape it, but I know that the minister and his colleagues in former years pointed out in no uncertain terms and with great vehemence the danger to Canada because of this economic dependence. It was a danger to Canada's political and national development generally because of the undue importance of our commercial and trade relationships with one country, a country so close to us in every way as is the United States.

We now have all the detailed information concerning the Canadian balance of international payments for the first quarter of 1959, and the minister has made reference to it in his statement. That information reveals that while there are forces of recovery at work, as I have mentioned, there are also weak points in the economy. There are some dangers and difficulties ahead, and just as the minister has emphasized the bright side of the picture, it is our right and our duty to point out some of the difficulties and dangers which, if they are not met and dealt with in so far as any national government can do so, will impede and hinder these forces of recovery which are at work.

A dominion bureau of statistics publication of June 18, 1959, the *Daily Bulletin* of that date, gives some indication of the nature of these difficulties and dangers, and what I mean when I talk about the serious side of the economic situation. Here are some of the headlines from that particular bulletin for the first quarter of 1959. We had during that quarter a current deficit of $450 million in goods and services with other countries, compared with $282 million and $427 million, respectively, for the first quarters of 1958 and 1957. Indeed, Mr. Chairman, the current deficit is the highest in our history for this particular period of the year. I recall what my hon. friends opposite used to say about deficits of this kind and the threat that they involved to our economy and stability.

During this period there was a rise of nine per cent in the value of merchandise imports, to which the minister has given his own interpretation, which along with a slight drop, a very slight drop, in the export total had the effect of producing a trade deficit of $188 million in the first quarter of 1959, compared with $63 million deficit in 1958. It is just about three times the deficit for the same period last year. The deficit from non-merchandise transactions continued to rise and reached $262 million, compared with $219 million in 1958, $201 million in 1957, and $176 million in 1956.

The current account deficit with the United States—and we used to hear so much about the danger to this country from increasing deficits with the United States—rose from $320 million in 1958 to $428 million in 1959; but at the same time the surplus with the United Kingdom continued at about $12 million. This deficit was compensated, as indeed it had been compensated in the past when it occurred, by a net movement of foreign capital into Canada, the main supplier being the United States of America. We have been informed more than once in the past of the difficulties which involve our country in this type of influx of capital to such a great extent from one source, the United States of America.

Mr. Chairman, last year I recall the minister making quite a virtue out of the fact that the deficit with the United States had been reduced. We pointed out to the minister at that time that indeed that was the case, but it was the case because the imports had gone down faster than the exports, and that was not the right way to reduce a deficit. Nevertheless the minister felt that was an encouraging feature in the situation, the reduction of the deficit. This year the minister admits, of course, that the deficit with the United States has increased, but he gets a different kind of encouragement out of that. The minister says that it is due to the fact that business expansion has developed and we are importing more than we used to from the United States, and if the deficit has increased it is encouraging because of the nature of the increase. In other words, it is impossible to make the minister anything but

optimistic with regard to trade figures. If the deficit is reduced it is a virtue; if it is increased it is a virtue.

Here is another bureau of statistics *Daily Bulletin,* dated June 23 which gives detailed information on imports during the first quarter of 1959 and which has a bearing on some of these developments which I have mentioned. Let us see what these figures show. The United States and the United Kingdom were the respective sources of 71.8 per cent and 8.8 per cent of Canadian imports during that first quarter. There is certainly no indication of any trade diversion in those figures. In relation to that famous diversion proposal or policy about which we used to hear so much, but not so much now, it is interesting to note the following changes in our import trade in 1959 as compared with 1958.

The minister said a few minutes ago, if I recollect it correctly, that the increase in our imports was spread over the whole field of foreign trade. But the figures in the report to which I am referring do not indicate that, because imports from the United States during this period rose by almost four per cent while imports from the United Kingdom—and remember it was the policy of the government to divert imports from the United States to the United Kingdom—during this same period declined by about six per cent. Therefore it does not seem to me, Mr. Chairman, that this policy of trade diversion is working out very successfully. As I have already said in the house, it seems to me to be working in reverse.

I wonder what there is to show for this trade mission of a year and a half ago to the United Kingdom. What is there to show for this pilgrimage to the United Kingdom which was conducted with so much publicity and great expense, the purpose of which was to increase British exports to Canada, or to increase our imports from the United Kingdom, and reduce them from the United States? It is true that imports from the commonwealth exclusive of the United Kingdom did rise by about five per cent. It is also true that our imports from Europe rose by more than 22 per cent, and from Latin America by three per cent. But the real diversion has not been the diversion we heard so much about a year and a half ago or so; it has been the opposite to that. We are importing less from the United Kingdom and more from the United States.

Let us look at the figures for exports about which the hon. gentleman had something to say. The same dominion bureau of statistics bulletin published on June 19 contains information on our export trade in May and for the first five months of 1959. The minister maintained that our export trade in a period of what he called world recession had held up remarkably well in 1958. That is true in the sense that the figures were just about the same. There was a very slight decrease, but the figures were just about the same as they were a year before. But that is not good enough for a country such as Canada which depends so much on the export trade. Exports must increase every year or we are going to be in trouble in this country, and the nature of our export trade in 1958 shows that we would have been in serious trouble at that time had it not been for three things. The development of our uranium exports under an agreement concluded in 1956 to the point where uranium is now our most important mineral export figures for which this year may reach $300 million, was one thing that held our exports up. Exports of cattle were something else, and our exports of aircraft under NATO arrangements and under the Colombo plan, which were not strictly speaking exports but were gifts or transfers, also helped. Had it not been for these particular items we would have been in a serious situation last year with regard to exports.

In comparison with last year, when there was no increase over 1957, our exports in May were down by more than 10 per cent and they declined by about 3 per cent in the first five months. This is partly explained, as I think the minister mentioned, by the fact that last year there were exceptionally large deliveries of aircraft to Germany and a rather high volume of financed exports but, nevertheless, it represents a situation which must cause a certain anxiety, whatever the reason may be.

Both in May and during the first five months our exports to the United States increased, but our exports to the rest of the world, including the United Kingdom, declined. As a result, in the first five months of 1958, 58.1 per cent of our exports went to the United States as compared to 62.5 per cent in 1959. Our eggs are more and more concentrated in only one basket, this United States basket, and the danger of this kind of concentration should be very apparent to members of the government who talked so much about it when they were on this side of the house.

These statistics which I have quoted—and they are the latest available—show that we are now experiencing the highest deficit in goods and services with other countries in our history, and that our export trade on the basis of the first five months is declining. We join the minister in the hope that that decline will be arrested during the rest of the year, but at the present time we are

faced with this decline and we are becoming more and more dependent on the United States with respect to our trade arrangements. Our imports are rapidly increasing and that increase comes from all countries in the world except the United Kingdom, but again mainly from the United States. Our net imports of capital are also increasing, and I suggest the committee will want to give serious attention to the policy implications of this particular picture, and we shall want to hear more from the minister as this discussion goes on about the trade policy of the government in this respect.

Perhaps at this time I might mention one thing which, as the minister knows, is a matter of immediate and great importance, and I have asked him a good many questions about it in the house. In the light of these decreasing figures for exports it becomes all the more important—indeed, it becomes a matter of the most vital significance—to make the necessary arrangements with the United States government to continue its imports of uranium from Canada once the present treaty arrangement lapses. The minister has been to Washington to discuss this matter with the United States government. He spent a day there a couple of months ago, I think, but I suggest to him that the importance of this matter justifies the most formal and the most impressive representations that can be made to the United States government at the highest possible level.

I am very familiar with the background of this particular arrangement because I had something to do with its negotiation, and I remember that at that time the United States said: "Go ahead and develop every pound of uranium you have in Canada; it is vital to our security and to the security of the free world and to your own security; commercial considerations must take second place; we need this; the supply is not equal to our demand; this is a matter of first importance, to develop these fields in Canada; we will help you; we will make this contract with you; we will do anything necessary; we will see that you get a good price for it, so go ahead."

Canadian producers went ahead and made a very good arrangement for the longest term possible, namely five years, with an option to continue this contract at the end of the five-year period. If it should happen—and I certainly hope it does not happen; it seems to me there is no reason why it should happen—at the end of this period that the United States authorities should come along and say: now we have a lot of uranium of our own—and they have got a lot of uranium—we have developed our own fields during these five years; we have our own political problems and we have our own economic problems; we have had to take care of our own interests and our own producers; and while we have been very happy to have your uranium during the past five years we do not need it now, it would be an intolerable position and one that could not be accepted by any Canadian government.

Yet the time is coming when the Canadian producers will have to know whether in fact arrangements of this kind can be made to continue the conditions under which they are operating and I think it would be a great relief to them if they could be told before the end of this year. There have been suggestions made in the United States by officials—and I hope they are not well founded—that it may be difficult to continue the present arrangement with Canadian producers. I hope that not only will the government give this matter the attention it deserves on the highest diplomatic level but that before long it will be able to make an announcement that a specific arrangement has been made with the United States. If continental defence means anything at all—and, of course, it does mean something—it means that some consideration has to be given to the economic and industrial aspects of defence on a continental basis as well as to the strategic aspect and if there was ever an important economic and industrial aspect of defence it is the supply of uranium for defence purposes.

There is no doubt in my mind that the long term prospects for uranium production in Canada are good, and I think this will be the view of all hon. members. The world is going to need this commodity. But there may be a difficult period between the end of this contract and the development of new uses for uranium for industrial purposes, a period which would be very difficult indeed if the United States decided not to take into full consideration the position of Canadian producers. I sincerely hope that this will not happen and I certainly hope it will be a major policy of the government to see that it does not happen because it involves export trade this year, as I have said, of some $300 million.

It is not possible, Mr. Chairman, to talk about the importance of our export trade in any of its aspects without at the same time referring to our import policies because we are not going to be able to develop our export trade unless we can make satisfactory arrangements with our customers for a reasonable import of goods from those countries into Canada. I thought of this the other day when the Minister of Finance

made an announcement regarding a voluntary arrangement which had been made with the Japanese government for the reduction of certain imports into this country from Japan. I certainly appreciate the problem involved in the importing into this country of goods with which it is difficult, if not impossible, for Canadian producers to compete because of the conditions under which these goods are manufactured in the country of origin. When competition is not fair, then, of course, the government has to take steps to meet unfairness of competition and protect and help Canadian producers.

But I should like to point out that we shall have to be especially careful in the steps we take in respect of a customer which already buys three or four times as much from Canada as it sells to Canada. I do not have the exact figures but I think it is about that proportion. I am talking about Japan now. The Toronto *Globe and Mail* will not be accused of being a paper which is unfair to our manufacturers or unduly starry-eyed about free trade, and in the issue of June 22 it had this to say in an editorial:

> Considering the fact that Japan buys far more from Canada than it sells to Canada, the Japanese government is most obliging when it agrees, at the Canadian government's request, to curtail Japanese exports to Canada.

The editorial goes on to say:

> The steps taken to restrict imports will undoubtedly help those industries which have been hurt by them, and in that respect the government's policy will reach its goal. But it is a very limited role, and one which in being achieved may do considerably more harm than good. There is much more to this question than mere protectionism.

The final paragraph reads in part as follows:

> We are more concerned, apparently, with the effect on our domestic producers of imported Japanese underwear than with the catastrophe looming over the Pacific horizon.

What was meant by that, and it is a very good illustration of the interrelation of politics and economics, was that if Japan is driven from or discouraged from entering the markets of the west she will find her own markets on the continent of China because there will be no alternative, and if Japan begins to build up a trading relationship with continental China because she is denied it by the west that relationship may have political results which would be very unfortunate indeed for the west.

The minister had something to say about the development of the European common market, the development toward European integration. I was glad he spoke about this because I do not know of anything more important that has taken place in the economic and, indeed, perhaps almost in the political sphere at the present time. It is true that in the last dozen years we in this country and other free governments have worked out our multilateral trading relationships quite satisfactorily and on the whole successfully through GATT, and I think GATT has performed a most useful function in those years in the removal of restrictions and the building up of multilateral relationships.

But while GATT in recent years has been retained as a general framework, the conditions under which GATT was formed in the earlier years are changing and I think it is becoming more and more apparent now that perhaps a new look will have to be taken at this whole idea of international trade and the basis on which it should rest. The practical operation of GATT has become increasingly altered by the domestic policies of many countries and many of those countries who are members of GATT and who pay lip service to its arrangements are beginning—some of them have more than begun—to base their trading policies on more restrictive arrangements than those of GATT.

The sterling area has been maintained as an important trading group. The United States continues to be a vast and relatively isolated trading area. The Sino-soviet bloc is rapidly expanding as a trading area and the European common market, which was not considered when GATT was formed, is becoming a reality, a reality which I think on more than economic grounds we should welcome provided it is brought about in the right way.

Then, only recently the Latin American countries have initiated discussions about the possibility of forming some kind of economic union of Latin America, and world trade therefore is increasingly becoming dominated by economic giants and economic trading blocs. In the intermediate period at least we may expect a further extension of extranational systems of pooled currencies, customs unions and large scale bilateralism and perhaps even a more limited application rather than a wider application of the multilateralism as envisaged in GATT.

No country stands to be affected more by this development than Canada. It is still, of course, too early to say what will happen to world trade within this new context and to those countries like Canada whose prosperity, whose independence, whose economic stability, depend to such a large extent on an expanding multilateralism. This contrary evolution presents serious potential dangers which should be considered most carefully by any Canadian government.

For instance, the establishment of a common market in Europe, to which the minister has made reference, will undoubtedly produce benefits both economic and political, I

hope, but it may also bring new difficulties for world trade and even for the maintenance of the western alliance. What I mean when I say that is simply this. If this European movement takes place without some kind of association with North America we will have an economic trading area in Europe increasingly divorced from a North American trading area, let us say at present from the United States. If that happens the effect will be political as well as economic on the Atlantic alliance, and if we do have this kind of European development which has not been able to make arrangements with the United States, what is the position of Canada going to be at a time when the continental aspects of security are also becoming increasingly important in the United States as opposed to the Atlantic aspects? If somehow the European development cannot become an Atlantic development, and I have said this many times, Canada will probably have to make one of the most difficult choices in her history and, as I ventured to say this morning, not only is this important for Canada politically but it is going to be very important for Canada economically because this new European development promises to become one of the major trading areas in the world. It is already increasing its percentage of world trade while North America's percentage is going down.

Because of the memories, experience, devastation, destruction, poverty and distress after the war, we are accustomed to think of Europe as still being a kind of distressed area. Perhaps that is too complacent a view, as the figures which I put on the record this morning would seem to indicate. Therefore I suggest that there can be no more important aspect of trade policy at the present time than the conversion of the European free trade area into an Atlantic freer trade area. The common market has begun to work out its own difficulties but the European free trade area, which it was hoped would evolve from the common market, is not making very much progress.

But, as the minister pointed out in his statement, those countries which are now in Europe outside the common market are beginning to consider forming another European common market. In the discussions which have just been held in the last few weeks—I think they were held in Stockholm—there was a good deal of support given to the idea of building up this other European area, which would include the United Kingdom if the present common market could not be expanded into a free trade area. If this is done, what will be the relationship of the United Kingdom in that market to her commonwealth trading relationships?

Perhaps the minister has noticed this, as I have, in reading British weeklies such as the *Economist* and the *Times*. High officials of the British government are now willing to consider the position of the United Kingdom in that kind of European organization and the relationship of that position to their commonwealth trading obligations. Therefore, this is a matter not only of economics but of very considerable political importance. Also, Mr. Chairman, if this European movement is developed, and if it develops in the right way through the removal of trade barriers against those outside the arrangement, then surely it is not too soon for the Canadian government perhaps to take the lead in trying to work out arrangement by which the United States and Canada can be associated with these developments.

You have the European common market. They are now discussing over there a second common market which might join the other into a European free trade area. The time has come to try to expand the discussion at least of these arrangements to an Atlantic basis. And if, as we are so often told these days, the real problem ahead of us in our relations with the countries behind the iron curtain, the Sino-soviet bloc, is going to be more economic than political, if the danger to us is economic as much as it is political, then on political as well as on economic grounds it becomes a matter of the first importance to build up the European into the Atlantic area.

There are some other things I should like to talk about arising out of the minister's statement, but perhaps, since it is almost six o'clock, I will reserve my observations on this until a later stage in the debate.

The Deputy Chairman: Shall we call it six o'clock?

Mr. Pearson: No.

Mr. McIlraith: Mr. Chairman, there is an unfortunate circumstance in connection with the discussion of these estimates that perhaps is just one of those things that nothing can be done about at this stage and it is this. The committee concerned with the operations of the wheat board and the board of grain commissioners reports is sitting at the same time as the committee of the whole house is discussing these estimates. It means a duplication of demands on the same members who are interested in being in both places at the same time. I would hope that another year it will be possible to arrange the programming of the committee's sittings and of the sittings of the committee of the whole house on the estimates a little more

conveniently so that that can be avoided. I know the difficulties this particular year in detailing the arrangements and I am therefore not objecting to the agriculture committee sitting today while these estimates are before the house.

There are many general remarks which could be made because the subject of trade is so wide ranging and perhaps if I sought to deal with one or two of the matters of policy on which we are seeking to get clarification at this stage of the estimates that is on the first item of the department's estimates, it would be a more orderly way of proceeding.

I should like to raise for further discussion from the minister the subject of trade with the West Indies; that is, something fuller by way of report as to what progress has been made in the development of the trade relationship with the West Indies area since the estimates were before the committee one year ago. In particular, I should like the minister to elaborate on our relative position in that market. I fear that in the development of the federation and the economic development going on in that area, which we hope will continue and accelerate, Canada may be in danger of not holding its relative position and developing the potential of trade in that area to its maximum possibilities.

The trade in that area is particularly important to Canada to a degree more than is indicated in terms of dollars because of the nature of the products which we exchange; that is the products we import from that country seem to supplement the products we produce here to a greater degree than is true of most of the trading areas.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. McIlraith: Mr. Chairman, another reason why the trade with the West Indies has extraordinary significance for Canada beyond the number of dollars indicated in the figures, important as that aspect of it is, is that the products the West Indies take from Canada come largely from the Atlantic region where the problem of finding markets for their output is undoubtedly more severe than in many other parts of the country. This trade, therefore, has abnormal significance to that area.

There is a great deal of capital development going on in the West Indies and I have the impression—I should like the minister to comment on this—that the capital development going on as a result of enterprise supplied from outside the area is not being contributed to by Canada to as large an extent as we would wish. I believe that some of our competitors in that market may be supplying a larger porportion of the capital development than their trade with the area would warrant. If we are not supplying our proportionate part, this would ultimately tend to result in a lessening of our trade with the area, that is a lessening of our proportion of the trade with the area.

I dealt with this subject at some length a year ago on a private member's motion which I put on the order paper. At that time I indicated my criticism of the government for having disposed of the Canadian National steamships and, in that way, having impaired shipping to the area at a time when the federation was just in the process of being formed. I thought that was a wrong action for the government to have taken, although I was quite willing to concede that there was some difficulty in carrying on that shipping and that a subsidy was required. I then went on to deal with trade agreements and tariff matters. I fear that the tariff aspect of that discussion became overdeveloped because tariffs are not the main barriers to trade with the area. The tariffs are relatively low. The difficulties seem to arise from other sources, one of them of course being that the federated area has no customs union within itself. There are different duties applicable to each part. In addition, they do not have control of their own currency and this makes things more difficult.

I should like to hear the minister's report on any discussions he has had with the United Kingdom on the subject of trade with the West Indies, and particularly the currency aspect of the matter. When one considers what a tremendous achievement the development of Canada's own currency was some 100 years ago one can fully appreciate that it is a somewhat restricting force when an area like the West Indies does not have control over its own currency. I do not want to discuss matters that are internal to that area and are not our concern here, but I do hope that the area is able to solve these problems that are peculiarly within its own control or should be within its own control in a way that will help them develop their economy. I hope when that comes along we will be able to develop our trade with the area to our mutual advantage. I am one of those who attaches a great deal of importance to the control of the currency in the area so far as it affects our trading relations. I would hope that the minister would take every proper opportunity he can to

discuss this aspect of trade relations, particularly with the United Kingdom government, to the end that we can enlarge the volume of trade in that part of the world.

Another matter with which I wanted to deal at this stage of the estimates is our trade with Japan. The trade figures, as I have them here, show the imports from Japan in 1957 at $61,604,000 and the exports from Canada to Japan in that year at $139,151,000; in 1958, imports from Japan, $70,215,000; exports to Japan, $104,890,000; for the first three months of the current year imports from Japan amounted to $21,468,000 and exports for that period amounted to $27,175,000. It is interesting that the main export seems to be barley, as I recall. I believe in the year 1958 the barley exports to Japan amounted to something of the order of $62 million in value, a very large part of the total exports. I should think that the members from western Canada would be particularly interested in this particular trade with Japan.

The Minister of Finance made an announcement to the house on June 19 concerning the suspension of certain exports from Japan to Canada. His statement is found at page 4927 of *Hansard* of that date. I shall not read it, but there is a sentence or two which might help me make my point. The minister was referring to the representations made to the Canadian government by certain manufacturers in Canada on the subject of the damage being done to their industries by imports from Japan. I am very well aware of that and I do not wish anything in my remarks to underestimate the importance of looking after that matter.

The point I want to discuss is that the minister went on then to say that the Canadian government, following these representations from the Canadian manufacturers, had made representations to the Japanese government. I will quote him precisely as follows:

> Accordingly discussions were undertaken with the representatives of the Japanese government in Ottawa and Tokyo, in the course of which the views of the Canadian government were communicated to them. Within recent days I have held discussions with the Japanese ambassador which gave me the opportunity to state the Canadian position. This meeting was followed up by meetings between senior officials of the Canadian government and representatives of the Japanese government.
>
> We were informed only last night of the decision of the Japanese government respecting the suspension of the issuance of new export licences.

Then he goes on from there. What concerns me is this. The figures of trade with that area, and particularly our exports to Japan, show that the exports are very much larger than our imports from Japan. There is a very substantial imbalance of trade between our country and Japan. They show further that our exports to Japan decreased sharply from 1957 when they were some $139 million in value to 1958 when they dropped to $104 million in value. The first thing I should like the minister to do is to explain that drop in our exports to Japan. I suspect that one of the factors—and I think he will agree with this statement—was the shortage of dollars that the Japanese had with which to buy our goods. That factor poses a real problem because, as our western friends will be very quick to remind us, it is extremely important that we retain that market for the export of the many products we ship there. I took barley by way of illustration for Japan is much our biggest market for barley. I should therefore like the minister to deal with that problem.

Then I want the minister to deal more fully with the whole subject. The Minister of Finance, in making the announcement to the house, very appropriately confined himself to a statement of the bare facts but I should like the minister to elaborate on this somewhat difficult subject very fully so that we will know what the policy of the government is with respect to the trade in this particular area.

I have spoken only of the trade significance of it. My leader this afternoon, in speaking about this same subject, made reference to other aspects of the matter that are of tremendous importance to the welfare of this country and to our future in this country, aspects that are even more important than the trade aspect. However, I want to confine my remarks at the moment to the trade aspect.

This statement of the Minister of Finance is fairly factual and fairly blunt, if I may say so. I should like to know from the minister just what representations were made to the Japanese government. This statement, as it stands in *Hansard*, almost looks as though fairly firm pressure was applied or fairly firm representations were made as to what would be done. My point in raising that matter is this. I hope that we are not embarking on any program of undue force or improper force, if I may use that term, in our position in these matters. While I believe in great firmness, I do not believe in threats of any kind or anything of that nature. I am not saying that the statement of the Minister of Finance contained that implication but I am saying that the subject requires further elaboration and development.

Then the matter of the treaty with Japan, the rights we have under the treaty and so on, should be developed. There is, of course, the whole aspect of the matter of protecting our industries in Canada that may be unduly

hurt by products coming in that are priced below what is a fair and reasonable price and so on. I am not unmindful of that problem in discussing the trade aspect of the matter but it is a very severe thing to have exports to one country drop by a third in one year. There probably is some explanation for this but as the figures stand, that is what they show. It is something that I hope the government will keep in mind and that I hope the minister will deal with at some length.

Then there is one other matter with which I should like to deal. The minister this afternoon in his statement, as I recall it, in speaking about the expansion of the economy, of the increase in imports this current year, about exports and the deficit on merchant trade being wider than it was last year as I noted his remarks, said this among other things:

> Looking at shifts in the geographic pattern of Canada's trade so far this year, it is noteworthy that sales to the United States have been increasing. On the other hand, the increase in Canada's imports has been shared by all major trading areas.

What I should like him to clarify a bit for me is this. The figures of sales to the United States, as I have them, show that there was a decline of some $425 million in exports to that country last year and that exports to that country are up some $30 million in the first four months of this current year but that in the first three months of the current year they were down. I think the figures support this statement. I have the statistical summaries here if the minister wants them but I think they support that statement. The May figure is not distributed yet, but from what the minister says I assume it may also be up. The point I want to make on that matter is this. If the minister is taking a one-month period only as the factor to indicate a change in direction or trend, his statement is surely straining the desire to be optimistic a bit too far. If you have three months in which there is a decline in the trade and then in the fourth month you have an increase, surely it is hardly a fair way in which to leave the matter just to say that sales to the United States have been increasing. It is true as far as it goes if you take last month as an example, but surely that is not a fair way of presenting trade figures to the house. I for one certainly do not want to read into any such short term figures as that a long term trend. I think it is just not a realistic way in which to handle this subject, because exports can vary quite sharply from month to month as the minister well knows. If you pick out any one month, I suppose you could prove almost anything from the statistics. I wish the minister would elaborate a bit more on that point. Then in the next sentence he went on to say this:

> On the other hand, the increase in Canada's imports has been shared by all major trading areas.

I have the figures for the imports from the United Kingdom, a very important customer indeed. As I read the figures for 1957 our imports for consumption from the United Kingdom amounted to $521,957,000 and for 1958, $526,650,000 or in other words an increase in imports from the United Kingdom of $5 million in the year 1958 over the year 1957. But when I come to the year 1959 I find that the imports from the United Kingdom for the first three months of 1958 had been some $116,170,000 in value and for the first three months of 1959, some $108,872,000. In other words, there is a decline in imports in the first quarter of this year over the comparable period for last year of some $7.4 million or something of that order. On the other hand, the statement that the increase in Canada's imports has been shared by all major trading areas seems to require some further explanation, because the United Kingdom is a very important trading area and it is not sufficient to have a generalization like that when we remember that one of the problems in trade with the United Kingdom is that we have a substantial surplus of exports over imports from that country. In addition, and I think this is fair comment, the minister and his colleagues made a great deal of how they were going to lessen that differential in trade with the United Kingdom; they talked a great deal about that. They were going to divert some of the imports from the United States to the United Kingdom, and so on. But that problem has not been met, and indeed any figures available, for example the figures used some months ago when the government talked about how they had succeeded in effecting that situation, when analysed show that what happened was a lessening of the differential in trade by reduced exports from Canada to the United Kingdom. Therefore I would like to have that item explained a little more fully.

Then there is a further matter I would like to speak about, and that is the whole problem of the export of farm surpluses as it relates to trade. In other words, I am not seeking to reopen the discussion we had with the Minister of Agriculture about farm incomes and that sort of thing. What I want to deal with tonight are the implications of that policy carried out by the government of disposing of farm surpluses at considerably below their cost; the taxpayers buy them from the farmers and then they are sold in the export

market at a very much lower price. It will be recalled that on March 6 of this year, as appears at page 1720 of *Hansard*, I asked a question about the sale of eggs to Venezuela by the Canadian government since December 1, 1958, their price, and so on. The answer I received, which I can summarize, shows that the Canadian government was adopting a policy of buying eggs at 44 cents per dozen, grade A large, Montreal, and had sold these eggs, in this particular case to Venezuela, at from 5 cents to 16 cents per dozen below that price, and there may have been additional costs involved too. That will indicate—

Mr. Smallwood: May I ask the hon. member a question?

Mr. McIlraith: Yes.

Mr. Smallwood: Has the hon. member any proof that they were grade A eggs which were being sold?

Mr. McIlraith: I only have the statement of the Minister of Agriculture. He stated that was the basis of the price paid, and I would not want to quarrel with the word of the Minister of Agriculture on this occasion. I certainly do not think it would be fitting for me to do so; the hon. member may do so if he wishes.

Then on April 13 I asked a further question on this same subject, which appears at page 2652 of *Hansard*. The question concerned certain agricultural products being purchased by the government and sold abroad. I will just pick out one or two of the items to illustrate my point. We were buying powdered skim milk at a price up to May 1, 1958—perhaps I should give the figures for the whole period—of from 12 cents to 17 cents per pound and we were selling that product to a great number of countries at as low as 3.15 cents per pound; in other words, something of the order of a quarter of the price we paid for it. That sale was presumably on a feed basis, though the answer does not say so in so many words. However, the point I want to make here is this, that we have embarked upon a policy of using the public revenues of this country to buy these farm products and then to sell them on the foreign markets at very much below the cost to the taxpayers.

Mr. Chairman, there are two or three implications of that, and I can find no statement of policy from the government on the trade aspects of the subject. It must be pointed out that in shipping products like this to countries like Denmark, we are in fact subsidizing competitors in certain of the other markets of the world to the detriment of our own product. We have lost some of the markets in the United Kingdom for agricultural products because our prices are already too high. But the government is now subsidizing a competitor who has taken over most of the market, or a large part of it to compete against our product, our product being, as I say, already too highly priced. It seems to me that is not a reasonable way of meeting the difficulty which we have in Canada of keeping the farmers' incomes sufficiently high. This so-called solution is not a solution at all.

The Deputy Chairman: I am sorry; I must inform the hon. member his time has expired.

Mr. Broome: Mr. Chairman, we have been reminded that Canada is dependent on foreign trade to perhaps a greater degree than any other nation. I have seen figures which state that one job out of every five is dependent on foreign trade. As far as British Columbia is concerned, I believe the figure would be one out of four, and this figure would be higher for the prairie provinces. So the economy of western Canada is even more dependent upon export trade than that of eastern Canada.

We are particularly interested in promoting an increased trade with the United Kingdom, because the products of western Canada are more or less complementary to products produced in the United States. The United States market represents a large and most important market to us but it represents products which the United States domestic producer can also produce and with whom we must compete to sell in that market. The sterling area, however, represents not a limitless market but a market which could be developed to a far higher degree than it is today if our trade pattern could be so increased or if our trade volume between the sterling area and Canada could be increased so that we could take advantage of that market.

The British Columbia lumber manufacturers association, the British Columbia fisheries council—all our primary producers—have made numerous representations along these lines. We believe more could be done in that way to promote the sale of United Kingdom products in Canada. For instance, I happen to know that in the engineering field a British manufacturer who wishes to enter this market is told that service must be of such and such a standard, that his design must be in conformity with the United States standards in the form of screw threads, pipe sizes and so on and that there must be good delivery. I should like the committee to know that many a United Kingdom manufacturer has come over to this country and been able to fulfil all those requirements yet he still does not get

any business even with a low price because our technical people know the United States product and they do not know the United Kingdom product.

It will be said that this is a matter of salesmanship, and it is, but even after the manufacturer has gone to a lot of expense and trouble he is still in an inferior position vis-à-vis his United States competition because they are entrenched in the market, their product has been accepted and there is a bias toward that product in many cases because of the control of the company and the policy of that particular company. I know of many instances where equivalent United Kingdom producers were low bidders but because instructions had been received by the firm concerned that they were not to buy that equipment, the bid was not accepted. I think the same process takes place, though not as a result of instructions, with regard to government purchases because I know of examples where, because the engineers in the field were familiar with the United States product, that product has been supplied for some reason or another in place of a competing United Kingdom product even though the United Kingdom product has been acceptable and in use in this country for a good many years. So I say that a program of education is required in the lower echelon of even our own civil service in the way of training to carry out the policy of the government in achieving a widely diversified and multi-lateral trading program.

I have here some newspaper clippings which might illustrate some of the troubles we run into, because these clippings have to do with selling in the United States and buying from the United States.

The second major market is the United Kingdom but I have a clipping from the Vancouver *Province* of May 12 in which it states "Low Canadian Tender Shakes U.S. Bidders" and continues:

> The offer of a Canadian firm to build eight hydraulic turbines for the Big Bend dam in South Dakota for 30 per cent less than the lowest U.S. bidder has American electrical industry leaders deeply concerned.

Now the "Buy American" act does allow United States firms a 12 per cent price advantage over their competition, but the thing that shook the United States firms was the fact that these turbines were not going to be made in Switzerland or the United Kingdom but in Canada where our manufacturing costs are comparable with those in the United States and it could not be claimed that this price advantage would be a product of low wages.

And then in the *Financial Post* of May 16 under the heading "Inglis Expects Big U.S. Order", one paragraph says:

> A Liberal member said in Ottawa this week that the bid had been rejected, and suggested that the U.S. had violated its production-sharing arrangements with Canada.

Then on May 30 there is a long story on the same subject. As far as I know, a decision has not yet been made but it is the office of civilian and defence mobilization which will be making the decision on this matter and the only reason this office has authority to reject a low bid would be in the interest of national security.

The other clipping I have is from the *Globe and Mail* of June 2 and it is headed: "Mayor Irked but TTC Sticks to U.S.-Made Buses". This article says that the TTC bought General Motors buses at a much higher price than Canadian buses because it believed they were better buses and felt they would be better value. The moral of this story, to me, is this. We are a small industrial nation with a wide open free market here, yet the industrial giant of the world, the United States, must have protection against us. I think there is a job to be done in opening up the United States market, not just for Canadian primary products and semi-processed goods such as pulp, minerals, asbestos and newsprint, but for our manufactured goods. I suggest that some of the troubles which our manufacturers have in reaching the United States market are artificial ones such as a hodge-podge of U.S. customs regulations particularly against manufactured goods. Everybody remembers the case of the ping pong balls being classified as ammunition, but the fact is that the Canadian exporter to the U.S. is under a liability which may extend up to seven years for any extra duty which may be suffered from reclassification. I believe it is possible for our manufacturers to enter the United States market to a far greater degree if they are given the opportunity.

Then, of course, there is the final barrier in that so much of our manufacturing industry is controlled from the United States and they are not going to have their Canadian subsidiaries competing with their own plants within the United States. But there is a United States market there which can be developed and which will help to make that bigger trade pie we are trying to develop by means of greater imports from the United Kingdom and greater exports to that country, and greater sales to the United States because, after all, we are running a deficit with the United States of about $1 billion a year and there is certainly room

in that area for the United States to buy much more from us. Then, of course, there is our own Canadian market. I was interested in a paragraph in *Industry,* a publication put out I believe by the Canadian Manufacturers' Association, and in one paragraph it said:

> In 1957, despite our position as one of the leading manufacturing nations of the world, we imported, fully finished manufactured goods to the tune of $262 for every man, woman and child in the country. By comparison the British figure was $48 and the U.S. a mere $28.

We have within our own country a large market which could be supplied by Canadian manufacturers at, I suggest, no increase in price to the Canadian consumer. I suggest we might improve our position by developing our own internal trade and also by widening the range of our multilateral trading program and, in that regard, devising some way of operating a massive export credit program for dealing with nations such as Brazil and other South American countries who operate almost on a barter basis.

I think we can continue to increase our trade and build it to the point where it will provide more employment and greater prosperity in the country than today.

With regard to the rather belittling attitude taken by the opposition as to our export trade last year when the level was just about the same as the preceding year, the highest figure on record, I was interested to note in a trade publication that United States export trade had fallen by some 12 per cent, I believe. Having in mind the comparison between the performance of Canada and that of the United States and the fact that we maintained an export volume equal to the highest level in the history of this country in a year of recession, I think this is a tribute to the work of the department and a tribute to the minister.

Mr. Badanai: Mr. Chairman, the former minister of trade and commerce, the Right Hon. C. D. Howe, led several delegations to various countries and with remarkable success. At the recent Atlantic congress held in London one of the major objectives of the NATO alliance was emphasized to be the promotion of trade within the European community. I wish to read a couple of paragraphs from one of the resolutions dealing with the subject of trade.

> The aims and interests of the North Atlantic community will be best served by ensuring the maximum possible freedom of trade and stability of prices and exchanges. Governments should regard further progress toward freedom of trade and currencies as a major and urgent objective of economic policy. Governments, while recognizing that during this process they may have to resort to temporary expedience, should not take measures which involve a return to restrictionism.

[Mr. Broome.]

The question I wish to ask the minister is this and I hope he will be able to hear me. Does the minister intend to visit the countries of the European community for the express purpose of stimulating trade with these countries and does the government intend to give consideration to a complete study of international trade? It appears to me that the government should regard further progress toward greater freedom of trade as a major and urgent objective of economic policy for the government of Canada. I sincerely trust that the minister will give due consideration to these proposals and that I will have an answer from him.

Mr. Jones: Mr. Chairman, I should like to bring to the attention of the committee certain problems which vitally affect not only my own constituency of Saskatoon but also other centres in Canada which at present have similar problems that affect their economic growth, the development of their commercial potentials and the expansion of their abilities in the field of trade.

Agreed charges and competitive rates are growing at a fast rate in western Canada as a whole but they are naturally being applied to those movements where alternative forms of transport offer serious competition to the railways. Saskatoon is too far from the west coast to share the advantages of sea transport via Vancouver, which has brought about some relief in freight rates in British Columbia and Alberta. Rail competition through the United States has led to some agreed charges for centres near the international border but Saskatoon is too far north to benefit from these.

The only effective competition with the railways as far as Saskatoon is concerned is highway transportation and load limits on the highways in the province of Saskatchewan are so low as to prevent this being an effective force. Cities on the trans-Canada highway to the south and others in Alberta and Manitoba where weight limits are higher have benefited considerably from agreed charges resulting from highway competition. Thus, while agreed charges are rapidly bringing lower transport costs to western Canada as a whole, Saskatoon is not sharing these benefits because it is poorly placed for service from competing forms of transport.

The development of agreed charges and competitive rates has operated to the disadvantage of Saskatoon in that most other major cities in western Canada have received a competitive advantage in the form of lower transport costs. Already this means that both producers and consumers in Saskatoon face higher costs than in other prairie cities, but its most important impact is on the future development of our city.

Saskatoon is naturally situated so as to become a major centre for the planned development of mineral resources in the northern part of the province. The existing freight rate differentials between Regina and Saskatoon for movements to and from eastern Canada and the west coast mean that any industry locating in Saskatoon faces severe disadvantages vis-à-vis locating, for example, in Regina. Thus, while geographic and economic consideration would naturally lead to the rapid development of Saskatoon as a manufacturing centre, the present freight rate structure is a severe handicap which threatens to slow down the development of Saskatoon and with it the prosperity of the whole of the province and, indeed, the success of plans to develop the northern areas will be handicapped with the handicapping of Saskatoon. This type of effect which results from a system of agreed and competitive charges is most undesirable from our viewpoint.

It was not intended originally and it certainly was not foreseen but it does none the less suggest that a critical reappraisal of the whole system of competitive freight rates is urgently needed. This problem, which is a very real one as far as Saskatoon is concerned, is repeated in other centres throughout Canada facing similar difficulties. An industrial centre does not benefit from low cost highway transportation until it is developed to a considerable extent unless it happens to lie on an existing route. It does not benefit from agreed charges until it has effective competition, and thus the development of new centres on which we rely so much for the expansion of the Canadian economy, particularly in the north, is hampered by the fact that the present freight rate structure gives substantial competitive advantages to existing industrial centres.

It is argued that the basis of agreed charges is sound and it is also argued that there are sound reasons against extending the lower rates of agreed charges to all movements, including those where no effective competition exists. Perhaps both these arguments taken independently could be used to justify the lower charges for most centres and the higher charges for Saskatoon respectively, but I do not agree. When they are used together to justify the existing differential they are unsound as further considerations become important. Professor Winch of the University of Saskatchewan has given a hypothetical example of this situation. He says:

> A new industrial plant planning to develop mineral resources is considering its location. Unless it can pay its full costs, including transport costs, it is not a sound proposition . . . If rail were the only means of transport and rail rates were consistent on a mileage basis, geographic and other considerations would dictate that it settle in Saskatoon. But if it settles in Regina it would have the advantage of lower highway transport costs. It is therefore offered an agreed charge for Regina but not for Saskatoon. It settles in Regina and ships by rail. The net effect is that the industry uses rail transport whether it settles in Saskatoon or Regina, and on the basis of rail and other costs Saskatoon is the preferable location. Yet the industry is forced into locating in Regina because of the existence of highway transport which it will never use. Clearly there is something wrong with a railway system which brings this about, and it is typical of the distortion which the present system will inflict on the rapid industrial development planned for Canada in the future.
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> The solution is to recognize that the principle of agreed charges is sound, but that it has much wider application than is at present realized. The essential position in the above example is that the agreed charge for Regina is a competing form of transport with the standard rate for Saskatoon and therefore justifies an agreed charge for Saskatoon. But the future of Canada, and particularly of the prairie provinces rests on new industrial development, and the industry with the most flexible location is that which is not yet built. In other words new industrial settlement is the one problem which the present rate structure ignores, and unwittingly impedes, yet it is one vital to the future economy of Saskatchewan, and indeed to the whole of Canada. One of the most important undesirable effects is that of industrial location, and this effect constitutes a severe problem for the whole future of the city of Saskatoon.

I must say that in this connection I am indebted to the board of trade of the city of Saskatoon, the Saskatoon *Star-Phoenix* and Professor D. M. Winch of the University of Saskatchewan and others who have put effort, time and research into the exposition of this particular problem.

I should like also to refer briefly to another aspect of the trading problem of the west. Here I refer to the use of the port of Churchill as a port for the western provinces. The Hudson bay route association in their annual presentation to the cabinet this spring advocated increased grain storage in the port of Churchill. They suggested on different occasions that increasing the storage facilities there by five million bushels would be of real assistance in the development of this port. They have suggested that more loading berths are necessary. The suggestion they make is that perhaps three more berths are necessary in addition to the ones already located at Churchill. They point out that two only would be required if at least one tie-up wharf for advanced customs inspection was otherwise granted.

There is the problem of the right to ship grain and potash through Churchill from C.P.R. points. Saskatoon has a rapidly developing industry in the industry of potash production. Saskatoon has now come to be rightly called the potash centre of the world. The potash deposits around Saskatoon and in the province of Saskatchewan as a whole are extensive; the markets for potash are very considerable. In order to aid in the

further expansion of this potash industry it is necessary that consideration be given to making a proper reduction in freight charges through the port of Churchill over the railway in order that the potash producing companies may sell their products in the southern states, for example, and in South America, using the port of Churchill, the Hudson bay railway and the maritime transportation facilities. I am assured that were suitable freight rates granted on the railway, potash from Saskatoon could be placed in the southern United States, using maritime transportation facilities from Churchill, at a competitive rate with United States potash.

I will not deal at this time with the grain car demurrage rates at Churchill except to say that so far as that phase of this particular problem affects the rates at the opening of the season they should be made to equate with those rates charged at Fort William. By the suggestions that I have mentioned tonight the economy of the city of Saskatoon, the surrounding area and the economy of the province as a whole could be significantly and materially improved.

Mr. Winch: Mr. Chairman, we all realize the importance of export trade to our Canadian economy. I think we all realize that export trade does not come to Canada automatically. In the majority of cases it is essential for the companies of our country and for the government of this country to put on a selling campaign. In view of the present situation in the export field and the growing need for expanding trade for Canada, I sometimes wonder whether the minister or any of the officials of his department have any knowledge of the number of companies in Canada, in particular the large companies of Canada, which have not and are not now putting on any selling campaign and are not trying to get markets outside of Canada because of the fact that they are controlled by parent companies in other countries, and are not permitted, because of that control, to have the temerity to seek markets outside the borders of Canada. I need not make reference at all to the incident of over a year ago where a Canadian car manufacturer was not allowed to sell to the southeast Asian market because of control by a foreign company. We all remember that very well. Of more recent date, we all remember the situation in which the Aluminum Company of Canada declined to make a sale to China, not because they did not have the authority but because they did not want to take a chance of antagonizing their market in the United States in any way.

Now, as a result of incidents of that nature I think it is a reasonable question to ask how far policies of this type extend to the detriment of Canadian companies and, of necessity therefore, to the detriment of fuller employment in this country. About three years ago an export-import company in British Columbia was interested in finding out if a large number of companies in Canada were interested in exporting to Asian countries, so they wrote a series of letters to varying types of manufacturers across Canada. This company was surprised to receive replies, in a great many instances, not from the Canadian companies interested in these matters but from the parent companies in the United States conveying the information that the Canadian companies were not permitted to deal with production and export outside of the boundaries of Canada. This subject was dealt with wholly and solely by the parent company in the United States.

You will remember, Mr. Chairman, that when the aluminum company declined to make an export to the mainland of China I took up the matter in this house and the newspapers of our country were kind enough to make some mention of that fact. As a result of that I received a letter from this export-import company in which they told me of their experience of some 2½ or 3 years ago. In this letter, which I have here, they give excerpts from the replies received from some of these companies. In order to illustrate how far-reaching this control is, I should like to give the committee a number of the excerpts from this letter. There is an excerpt from a letter from Canada Sandpapers Limited, Preston, Ontario, datel February 15, 1956, which reads as follows:

> At the moment it would be impossible for us to ship any goods to China, for we are affiliated with a U.S.A. concern, and with the current U.S.A. state department policy, this precludes our shipping any goods to the iron curtain countries.

Here is an excerpt from a letter from Chain-Belt (Canada) Ltd., Willowdale, Ontario, dated February 27, 1956:

> All the export business of Chain-Belt Company and Chain-Belt (Canada) Limited is carried on through our export department in Chain-Belt Company, Milwaukee, Wisconsin.

The third excerpt is from a letter from Garlock Packing Company, Pallmyra, New York, dated March 12, 1956:

> This refers to your letter of March 5, addressed to our Canadian subsidiary, Toronto. As the latter does not engage in any export operation, at present our business is necessarily restricted to Hong Kong and Taiwan.

This excerpt is from a letter from Canadian Allis-Chalmers Limited, Lachine, Quebec, dated March 12, 1956:

Your offer to represent our company in China has been noted with interest. Canadian Allis-Chalmers is a wholly owned subsidiary of Allis-Chalmers Manufacturing Company, Milwaukee, Wisconsin. All of our export negotiations are handled through Mr. P. Dietz, manager, export department, industries group, Allis-Chalmers Manufacturing Company, Milwaukee, Wisconsin.

The next letter is from United States Rubber, International, Rockefeller Centre, New York city, dated March 14, 1956:

Your letter of March 6 to Dominion Rubber Company Limited, Montreal, has been referred to me. As Dominion Rubber Company is one of our subsidiaries, we handle any export business that might be developed through Canadian organizations.

Then there is a letter from Jones & Laughlin Steel Corporation, New York city, dated March 22, 1956:

Your letter of March 13 addressed to our company in Toronto has been referred to this office for acknowledgment and reply, since all matters pertaining to export are handled here.

I shall just give one more example, although I have plenty more. This letter is from Johns-Manville International, New York city, dated March 29, 1956:

Your letter March 6 addressed to Canadian Johns-Manville Company Limited has been referred to this division, since all overseas matters are our responsibility.

We thank you for your offering to assist us in sales in the Chinese market but regret that we cannot accept your kind offer.

I believe, Mr. Chairman, that we in this house have a responsibility to try to find out just how widespread is this control of Canadian companies by parent companies in the United States. We should ascertain to what extent they are restricted in their desire or their potentiality for employing Canadian labour working on our Canadian resources, and their freedom to export to any market to which we have any opportunity or desire to export. I feel, Mr. Chairman, that this is not only an important matter but a very serious one. I believe that we can look upon it as a very disturbing situation. There must be some foreboding about Canadian companies, and therefore Canadian workers, being not only under the control of parent companies outside this country but also dependent upon the whims and policies of a government of another country.

I should like to ask the minister if any consideration has been given to finding out how widespread this control is with regard to exports from Canadian companies. If it is as widespread as is indicated by even the excerpts which I have placed on the record, I wonder whether any consideration is being given to establishing the necessary policy, taking the necessary steps to introduce legislation to guarantee that we have control of our own resources, our own export policies, without domination from outside.

Mr. Fisher: The fundamental source of income, Mr. Chairman, in our particular part of the world is the pulp and paper industry and the newsprint aspect of it. One of the most disturbing things about the newsprint and pulp and paper industries has been the fact that its percentage share of its main market in the United States has been going down in relation to the expansion of that market and in relation to the expansion of United States production. Since pulp and paper products are the largest single item of export trade, being much more important even than uranium that was mentioned by the Leader of the Opposition, it seems to many of us that the position in which this industry is and its trend toward having a lessened share of the United States market, and of course the world market, is perhaps the most disturbing thing on the economic horizon.

The committee on mines, forests and waters of this house was so greatly interested in this particular point that it brought before it a number of witnesses, including the president of one of the pulp and paper organizations. I refer to Mr. D. W. Ambridge, head of the Abitibi corporation. I wanted to bring to the minister's attention, if he missed it, some of the points that were made by Mr. Ambridge. I should like to qualify, before I give this point, that while I agree with this particular aspect of Mr. Ambridge's evidence there was some of it with which I disagreed. But after reviewing, through questions, the situation that he had seen in Brazil where Canadian firms were not able to compete with Swedish firms because of Swedish government facilities in dealing with Brazilian currency, Mr. Ambridge went on to say this:

The Canadians have about as much chance of selling anything in Brazil as a snowball in hell. You cannot do it because there are too many of these arrangements around. We have nothing like that.

Later on Mr. Payne of the committee asked him this question:

Are you in an way satisfied, even in an indirect way, that help is provided to your industry in the search for new markets, through a government agency? Is there such help or is there not?

I should like to point out that Mr. Payne is a member of the minister's party and that the very way in which he phrased the question suggests that he had some concern as to whether this help was available. Mr. Ambridge's answer was:

Not that I know of. The only thing I might name as being of help to us is that the government does provide statistics, through the commercial councillors at the various embassies, legations

and what-have-you. I think probably we in our newsprint association have the most complete and accurate statistics of anyone in the world.

I am sure Mr. Ambridge is referring to his own product.

Most of those figures overseas come from our commercial councillors in those places. They are helping us in that way.

Mr. Payne came back:

Is there any method you might suggest by which assistance could be given of a practical nature?

I like to see this example of a Conservative member searching for ways of improving the service of this government. Mr. Ambridge came back in reply to this question and said:

I certainly think that the government should give some very serious study to the question of how we are going to finance exports, because this business of cash on the barrelhead is absolute nonsense; it is out of date. We cannot compete. We say, put the money, the American dollars, on the table before we will ship anything. That is crazy. We should certainly have some government body or—I hate to say—committee. You know what they say about a committee. They say a camel is an animal which looks as if it had been put together by a committee.

This led to our turning a bit astray and then we came back and Mr. Ambridge went on to say this:

I think the first thing to do is to get a change of attitude. I do not know who is responsible for this. However, for many years in the Canadian government, the general idea has been that we are not going to get ourselves involved, in extending credit. We are not going to get ourselves involved in barter deals. We are not going to do a damned thing, except take the money when they have it for the products they have to sell. I think that whole attitude might have been valid in the first decade after the war. Since then, it is not valid. We have to face the powerful competition all around the world and we cannot deal with it in any such primitive manner as that. It is primitive.

The business of just going to the market and selling and getting American dollars in New York, is primitive, compared to our competitors.

That is fairly strong stuff and from a free enterpriser like Mr. Ambridge it is very strong when he wants the government to get into this particular field. One of the things I notice is that when anyone ever quotes a *Globe and Mail* editorial in this chamber there is a tendency to say "That good friend of the government". One of the points that I am almost willing to make, following the *Globe and Mail* editorial policy in recent months, is that it is no longer a good friend of this government. I think this particular editorial gives an indication as to why that is the case. This is from the *Globe and Mail* of May 21 and it refers to what Mr. Ambridge said. It states:

The president of Abitibi Power and Paper Company, Mr. D. W. Ambridge, is the latest executive to complain about this dangerous lack of foresight.

It goes on to quote a short extract from what I have already read. Then the *Globe and Mail* editorial goes on to state as follows:

The government at present has no facilities for granting credit to foreign customers. The limit of its assistance is to insure the sales of Canadian exporters so that the exporters may collect up to 85 per cent of the value of the order if the buyer cannot pay. This service is handled by the Export Credits Insurance Corporation, a crown corporation which in the past five years has made a profit of $136,000.

There is nothing in this country remotely similar to the export-import bank of the United States, a government agency which for 25 years has loaned money to foreign buyers for purchases of American goods and services.

Then the editorial goes on to point out that the dominion government in those good old Liberal days was not always so aloof to this problem; that between 1945 and 1948 it extended credit worth some $750 millions. It goes on to say that that program was a courageous step. Then it goes on to lament that really this government has not done much about it and has not given any indication that it is going to get into this extremely important field. The concluding paragraph states as follows:

The important thing is to establish credit facilities now, before it is too late. They will be of no value when our customers have gone for good.

The problem of the pulp and paper industry is much larger than just a question of exports. There is the question of competition. I hope the minister will do a bit of reading on the competition we are getting from southern pine and from the increased use of hardwoods in the lake states and in the New England states. All this is leading to more and more investment and development by United States manufacturers to look after their own domestic market and our share is going down. The main point is that we still have tremendous forest resources that, on a sustained yield basis, we can exploit, but we are not getting any of that. I do not know whether the minister is aware that there are pulp and paper companies in the constituency of the hon. member for Kenora-Rainy River which for a long time have been trying to make up their mind about putting a pulp mill into the Sioux Lookout region. For some reason they always back out. These various companies have been delaying for years now. This has tended to be a pattern in the past 10 years. We are getting expansion in plant of mills that are already established but we just cannot seem to get new ones in, especially in the eastern interior and in the boreal forests where we are close to markets.

I am not suggesting this whole pattern is part of the minister's responsibility or interest. But one of the claims that is getting everyone exercised in connection with the pulp and

paper business is that this government or the federal government does not give leadership in financing or credit facilities for this industry in world markets. One of the other things they claim, of course, is that it overtaxes the industry. With all the informational sources that the Minister of Finance and Minister of Trade and Commerce have I think they should be able to come up with some suggestion that would help out this particular industry which at the present time and for many recent months has been producing below capacity.

One of the difficulties, Mr. Chairman, in ever making remarks when the estimates of the Minister of Trade and Commerce are before the committee is that he has such a wonderful capacity of sitting there and shaking his head or giving little smiles to indicate that he feels that what is being said is nonsense.

Mr. Churchill: No; on the contrary. I object to that remark, Mr. Chairman. I was shaking my head on getting a report from my friend to the effect that just a few minutes previously the hon. member read into the record part of the proceedings of a committee that has not yet reported to the house and he is completely out of order. That is why I was shaking my head at it.

Mr. Fisher: I wish you had raised the point.

Mr. Churchill: I would have done so if I had known that the committee had not reported.

Mr. Fisher: I did not realize I was out of order. I could have managed it anyway because Mr. Ambridge's words have been reported very extensively in the press and in the trade magazines. I think I could have managed it but I apologize if I have broken the rule.

One of the points I want to make more seriously than any other point I have ever made in this House of Commons is that the pulp and paper situation in Canada is extremely serious, and if this industry does not pick up our part of the country can almost figure on packing up for a while. I have not exactly a lack of confidence in the particular region, but if pulp and paper does not prosper our region does not prosper. I can point out to the minister that we have had the shipyards closed down in that particular area. The third largest airplane manufacturing plant in Canada is in danger of closing up. We just are not getting secondary industry development, even of a minor character, and if pulp and paper gets into deep trouble in the next couple of years we will be in a situation comparable, I suppose, to some of the have-not provinces down in the eastern part of Canada. It is about time the Minister of Trade and Commerce and the Minister of Finance did some serious thinking on this particular problem, or at least gave us the assurance that the people in the industry and the unions who are crying calamity should not be crying calamity.

One of the other points I want to touch on deals with the much mooted small business aspect of this government's policy. One of the largest sources of support for this government in past elections, it seemed to me, was from many of the people in the small manufacturing businesses and I think one of the most appealing aspects the government put forward in its election campaigns was a strong indication that it would help small business. Without going into too much detail the minister has now had two years to get some kind of program under way. One of the great examples in this particular regard is the small loans administration in the United States which, not in a major way but in a minor fashion, has been doing what is considered to be very successful work in the United States for a long time. I would like the minister to confirm that it did not take the United States government two years after it got the idea to commence that particular administration. The United States government got it going very quickly and with a certain sense of urgency.

One of the prime problems in Canada today in a political sense is to try to determine whether the small type of business has a future and whether we should try to preserve it in the face of the build-up of the huge national corporations, or corporations working in a regional sense. They can very soon put small business out of the way. It often seems that small businesses in the present trend have a very bleak future. I had assumed from the stand taken by the government and the minister that it had been decided that small businesses were worthwhile and that the encouragement of small businesses and small manufacturers was very important. But so far all we have had is an indication that there is a senior official who is interested in the problem and that a certain amount of research has been done; that this bureau, or whatever it is, will be prepared to assist small business in an informational sense. But I think they want more than that.

The periodical or brochure which was put out by the department, "The Techniques of Export Trade", is an excellent thing on an informational basis. One of the things, however, which is missing in it is any indication of extended government credit facilities that

the *Globe and Mail* and Mr. Ambridge called for. I am sure the minister and his assistants in this small business field will be able to turn out just as good a brochure advising the small businessmen how to take care of themselves.

However, I think the minister does recognize that they want more than that. They want a loans administration for small businesses and manufacturers. I cannot see why the example of the United States has not been some encouragement to the minister, and I would like him to give us at some time during his estimates an analysis of why it has not been an encouragement to him to get into this thing. He might at the same time tell us why the example of this United States export-import bank has not been any stimulus to him. It seems to me it is one of the great ironies that the United States, which is usually considered a great free enterprise nation, should be the one that in these particular fields can give our country which has been labelled much less enterprising than the United States such leads or indications of government leadership and initiative. I would hope that in these two fields, and especially in relation to the predicament in the pulp and paper industry at the present time, we will hear more from the minister before his estimates are through.

Mr. Benidickson: Mr. Chairman, I believe the minister has consented to allow this item to stand eventually if it appeals to the members of the committee to proceed to other individual and specific items. I want to assure the minister that on that account I am not going to ramble unduly or deal with matters which I do not think specially appropriate to this administration item. I would be very glad to deal with some of the matters we heard about today such as the diversion of trade, the United States conference in January, the 1959 capital investment intentions, of course, and a few matters of that kind. But I cannot find any other appropriate place to say a few words and ask a few questions of the minister with respect to the small business section referred to in the annual report. More than that, it was, of course, given a great deal of prominence, as the minister knows, in both the 1957 and 1958 election campaigns. I think the people of Canada have been led to believe that the government would have moved much further under a new government and something much more tangible would have been done with respect to aid to small business than we yet see either in referring to the report or in the remarks which have been made so far in this debate by the minister. In fact, I think he has made no reference to small business.

[Mr. Fisher.]

Just to indicate that I think I am on pretty sound ground in this respect in outlining what I think is the public opinion with respect to it, these are some of the strong statements which were made by the leader of the Conservative party in 1957 and 1958. I have here some quotations from the Prime Minister. In the last election he said that only minor tax concessions had been made; but he indicated there would be greater assistance. We know that the recent budget actually increased taxes rather than reduced them. Then at Cornwall on February 24, 1958, he said that small business was crucified by the Liberal policy of tight money. I do not need to elaborate on that, but that surely gives even the small group in this chamber tonight a fairly good opportunity for a hearty laugh. Then in starting this campaign at Campbellton, New Brunswick, on May 4, 1957 he said:

> We intend to do something to assist small business in this country. They find themselves today caught, irretrievably caught, in a situation where they cannot survive.

That was more than two years ago.

> We believe the time has come to provide very much after the fashion of the federal government of the United States.

About six months after this government took office the United States government very considerably widened the availability of loans to small businesses in that country; that is about 18 months ago. I would hope that before we pass the item the Minister of Trade and Commerce will tell us what progress has been made with this particular small business section that has been set up in his department with much fanfare and flurry. May I say that I thought the assistant deputy minister appointed to take charge of this section was very quick to make public policy statements after assuming office, statements which, I thought, should more properly have come from the minister or from the government. But I have watched the papers carefully since, and a number of months have elapsed during which there has been a singular silence about the activities of this particular section, and I hope we shall hear more about it now.

Mr. McIlraith: Mr. Chairman, when I was speaking earlier this afternoon the elapse of time allocated to me interrupted a point I was seeking to make concerning the sale of surplus farm products in the export markets of the world at prices well below the cost to the Canadian taxpayer, and I referred the hon. gentleman to two answers to questions given in *Hansard* indicating particular sales by way of example. One of the sales to which I referred at the point of time when my argument was curtailed was the problem which arose in connection with the export of surplus dried skim milk for feed

purposes to Denmark at a price of the order of something like one-fifth of its cost to the Canadian taxpayer, and I pointed out that one of the implications, in a trade way, of that kind of action was that we were directly subsidizing a competitor in a market in which we were seeking to sell, and I referred particularly to the United Kingdom market.

Now I want to make further reference to another question and answer as it appears in *Hansard* of June 22, 1959, at page 4993. In reply to a question of mine addressed to the Minister of Agriculture concerning the sale of surplus canned pork by the Canadian government to Czechoslovakia, the minister confirmed that there had been such a sale, and I will read part of his answer:

> We have been negotiating with several European countries for some time in an effort to dispose of some of the surplus pork which the stabilization board has held, and particularly from the point of view of attempting to get back into the European market, as far as pork and other agricultural products are concerned.

Then the minister went on to explain that there had been a sale of some 2,200,000 pounds, and he referred to it as being in the nature of a trial shipment and expressed the hope that we should be able to sell in constantly increasing quantities pork and other agricultural products in the European market.

That is a hope which I think everyone will wish to see fulfilled, but what I want to make clear is this: the implications of this policy are manifold. With regard to the example I have just quoted, the minister did not state the price at which the pork was sold, but I understand from outside publications that it represented a loss of the order of nine cents or slightly more a pound. I have not been able to verify that figure as yet, and the minister can correct me if it is wrong. At any rate, on this one product alone there is a surplus of canned and frozen pork of the order of 100 million pounds at the present time, so the loss to the taxpayer would be of the order of $10 million if the figure I have given is correct or substantially correct. That, indeed, is an important item when we bear in mind that we already have a substantial budgetary deficit. So there is this implication of the loss to the taxpayer. And the matter does not end there.

There has been a great deal of debate in this house on the question of the budgetary and financial policy of the government, and I do not wish to enter upon this argument during a discussion of these estimates, but I would point out that one cause of increasing the interest rate in this country is, undoubtedly, the large deficit. This kind of policy contributes to that deficit, and the deficit, in turn, contributes to increasing interest rates which makes it harder for exporters, manufacturers and producers who are engaged in the export trade to borrow money. It makes it more costly for them to develop their export business, and this in turn increases the cost of our exports and makes it harder for them to compete. In other words, the effect of this policy of disposing of surplus farm products as far as the export market is concerned is to take us in a vicious circle in which, in some cases, the continuation of such policy for these exports tends to destroy the possibility of continuing our normal exports.

There is yet another aspect of the matter. We have had some reason to complain about the farm surplus disposal policy of the United States because we felt that they have been interfering with our markets, and always in earlier years when we made complaints of this kind, we were able to argue with considerable force and put forward a very strong case. We ourselves are now dumping the surplus farm products on world markets at below cost and doing the very things of which we were complaining with regard to the operations of another country. For these reasons I should like the minister to deal fully with this subject and explain the precise nature of our policy in so far as it concerns the disposal of these products outside Canada. I have sought in putting this forward to confine my remarks to the trade aspects of this matter. I appreciate, of course, the attempt which is being made to keep up the level of farm incomes, but I suggest that this is not the best way in which farm incomes can be supported and that there are other ways of dealing with the farm income aspect of the problem.

There is one other question I wish to direct to the minister. His colleague the Minister of Agriculture, in giving the answer to which I have referred, spoke of using this shipment as an attempt to get back into the European market as far as pork and other agricultural products are concerned, and then he spoke of this being in the nature of a trial shipment. I should like to ask the minister if he would elaborate on that part of the answer by telling the committee precisely what is being done and what the government has in mind in its effort to get back into the European markets for agricultural products. Are we to seek to get into those markets by having the Canadian taxpayer subsidize these exports? Is that the new attempt that is being made, or the new policy? If not, what is the policy and on what lines is the government endeavouring to work it out?

The market prices of these various products in the European market would seem to indicate that our agricultural products are much higher in price than those coming from other competitive areas. We have only to refer to the comparative prices of New Zealand dairy products and our own in the London market and the comparative prices of Danish bacon and our own in the London market. Would the minister indicate to the house just what this new policy was to which the Minister of Agriculture referred and how is it to be carried out? Does it involve a new principle of subsidizing exports, which we have not embarked on hitherto and which even in this case was only an incidental by-product of what happened with regard to the particular transaction? Just what is involved in the matter?

The Deputy Chairman: Is there any further discussion on item 380?

Mr. McIlraith: Is the minister not going to answer some of the points raised?

Mr. Churchill: In view of the fact that we have arranged to let item 380 stand in order that the hon. member for Assiniboia may speak on it when he returns, I think it might be wiser for me to make the complete answer to the others who have spoken after he has finished his remarks some time next week rather than to attempt to answer in the short space of time available tonight. I would only be able to answer in part some of the questions that have been asked. If there has been a full discussion of the first item I hope we may be able to move on and pass some of the other items.

Mr. McIlraith: I have no objection to moving on. There may be a question about trade with Italy that I hope the minister will deal with when he is making his further remarks. There appears to be a considerable drop in our exports to Italy and I would ask the minister to deal with that when he makes his remarks on this item later. In other words, I do not want to preclude the subject matter of the first item from the subsequent discussion. With that understanding I am quite agreeable to moving on.

The Deputy Chairman: As I understand it, it is the desire of the committee that item 380, which is nominally known as the first item, be allowed to stand and that we continue with the other items.

Some hon. Members: Agreed.

Item stands.

Trade commissioner service—

381. Administration and operation, $3,747,293.

Mr. McIlraith: Would the minister deal briefly with the increase in this item?

[Mr. McIlraith.]

Mr. Benidickson: There is a slight increase in money and in staff too.

Mr. Churchill: This has to do with the trade commissioner service. The increase amounts to $277,366 and the increase in the staff is seven.

Mr. Benidickson: Is there any significant addition to the countries we are represented in or is that for the first year of change handled by the unallocated item that is shown on page 476?

Mr. Churchill: An office was opened in Ankara and we anticipate other new positions during the course of this year and have made allowance therefor.

Mr. McIlraith: Were any offices closed?

Mr. Churchill: No, no offices have been closed.

Mr. McIlraith: Would the minister give consideration to increasing the service in the United States with a view to seeking the sale of more of our manufactured products in that country?

Mr. Churchill: That is a good point which is really worthy of consideration. We have seven offices there now. I had the pleasure of visiting the one at New York, the one at Chicago and the one at Boston during the last year or so and I was very much impressed with the work that is being done by our trade commissioner service in these places. I also talked to the other trade commissioners stationed elsewhere in the United States. They have been doing some very impressive work in interesting Americans in Canada and in purchasing from Canada.

Just a little while ago I was at the trade fair we held in Boston. It was a good trade fair, was well attended and the exhibits by Canadian businessmen were very good. Last fall I attended a meeting at Chicago organized by the Canadian-American committee of the chamber of commerce of that city. There was a large attendance and a great deal of interest in the problems affecting trade between our two countries. It is noteworthy that that area of the United States is the greatest importer of goods from Canada and the largest exporter, by areas in the United States, to Canada. It is also the area from which a great deal of capital has flowed into Canada and from which subsidiaries have been set up in our country. I found it a very stimulating and interesting experience. I was encouraged by that activity and by the work of our officials in Chicago in getting Americans interested in our country. The results of that work show in a place like Chicago where there has been intense activity as between our two countries.

The trade fair at Boston and the other work being done there will be helpful too. Other areas of the United States that are not as close to Canada naturally have not been affected to the same extent.

My hon. friend's suggestion that we might perhaps extend our trade commissioner service in the United States is something that is well worth considering because trade between our two countries is developing and we want to do everything in our power to encourage the import into the United States of Canadian manufactured products as well as the raw materials which are going there now. I thank the hon. member for drawing the attention of the committee to that particular aspect.

Mr. McIlraith: Because many Canadian manufacturing companies are comparatively small they are not aware of the export potential that is possibly available to them. If they could obtain an export market in addition to the market they supply at the present time in Canada, it would tend to permit them to lower their costs. I would feel that is particularly true of exports to the United States in a way that it is possibly not true of exports to certain other foreign countries because many Canadian companies are not large enough to have the facilities for handling normal export trade, but could handle export trade to the United States because of similar trade practices. These smaller firms just have not got the facilities and are not thinking about export, and the trade commissioner service may be able to assist them to increase our exports to the United States if we give more attention at this time to extending their activities, whether by opening new offices in additional areas of the United States or supporting the present offices with expanded services and staff.

This is well worth following up rather closely because, it seems to me, our exporters have a constant problem of operating in a comparatively high cost economy. It is going to be a continuing problem and anything that can be done to get export markets for many of these manufacturing companies not only will be a good thing from the point of view of the business involved but it will be a good thing in that it may help such manufacturers to lower costs both to Canadian consumers and for the export market.

Item agreed to.

382. Construction or acquisition of buildings, land, equipment and furnishings, $222,000.

Mr. McIlraith: Will the minister explain the increase in this item?

Mr. Churchill: The increase is $61,000. This vote, of course, is for the purpose of providing homes for trade commissioners who are living in areas where in some instances the climate is difficult and in other instances other types of accommodation cannot be rented. Each year an assessment is carried out as to whether or not it is proper to purchase a piece of property or to continue to pay rent. The question of supplying motor cars comes under this item as well. It is rather a modest item, I think. In the long run, where we have been able to purchase rather than to continue to pay out rent, it has been proved to be quite satisfactory.

Mr. McIlraith: I had rather direct experience with this particular matter in 1952. It occurred to me that the department was losing a great deal of the efficiency of its staff through lack of proper accommodation in some of the areas of the world where health conditions are not as good as they might be and accommodation is rather difficult to obtain even although for health reasons it is more necessary than in other parts of the world.

I am very glad to see this policy of acquiring properties in such areas is being continued by the present government. I do not know that it is proper for me to name the particular country I had reference to. On that occasion the situation was simply that the trade commissioners and their families were in a state of ill health owing to lack of proper accommodation, bearing in mind the climatic conditions in that area. Can the minister tell us in what countries properties are being acquired.

Mr. Churchill: The committee will be interested in this. We own houses in these locations: Accra, Kingston, Singapore, and two in Tokyo. Then there are houses which are leased and furnished by the department, two in Bombay, one in Colombo, one in Copenhagen, one in Jakarta, one in Hong Kong, one in Karachi, one in Leopoldville and two in New Delhi. Consideration is being given to purchasing accommodation in Teheran and in Paris but that may not occur until next year.

Mr. Benidickson: The minister made reference to automobiles acquired by foreign service officers which would be paid for out of this item. Is there a standing regulation with respect to using Canadian manufactured automobiles?

Mr. Churchill: Yes, that is quite right, Canadian manufactured cars.

Item agreed to.

383. Exhibitions branch, $790,592.

Mr. McIlraith: Will the minister indicate the activities of the exhibition branch this year?

Mr. Churchill: Mr. Chairman, the committee has been very co-operative. I will be quite content if the clock appears to you to represent ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. McIlraith: Will the acting house leader indicate the business of the house for Monday?

Mr. Churchill: Yes, Mr. Speaker. There will be a slight change from the announcement made last night. Last night the house leader indicated that the business for Monday and Tuesday would be four items which are the responsibility of the Minister of Justice. It now appears that the Minister of Justice will be unavoidably absent after the noon hour on Monday. In consultation with him I therefore suggest to the house that the order of business will commence with item No. 1 on today's order paper, Bill No. C-57, respecting the superannuation of members of the Royal Canadian Mounted Police. The second item will be item No. 8 on today's order paper, Bill No. C-58, to amend the Criminal Code. I might say that the Minister of Justice will be present until one o'clock on Monday and these might be taken before his departure. The third item would be item No. 11 on today's order paper, the second reading of Bill No. S-24, respecting the testing, inspection and sale of seeds; item No. 4 would be item No. 14 on today's order paper, the resolution in the name of the Minister of Agriculture with regard to crop insurance; item No. 5 would be item No. 16 on today's order paper, the resolution in the name of the Minister of Agriculture with regard to mortgage credit to farmers under the Canadian Farm Loan Act; then No. 17 on the order paper dealing with amendments to the Coal Production Assistance Act, a resolution under the Minister of Mines and Technical Surveys. Then, if that business happens to be completed, we would go on, as item No. 7, with Bill No. S-20, to amend the Length and Mass Units Act; then, second reading of Bill No. S-21, to amend the Weights and Measures Act. Those are rather small bills, and as a standby, item No. 10 on today's order paper, an act to amend the Export Credits Insurance Act.

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

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

CAMP UTOPIA AND PENNFIELD AIRPORT, CHARLOTTE COUNTY, N.B.

Question 463—**Mr. McWilliam:**

1. Did the government sell their properties in Charlotte county, New Brunswick, known as Camp Utopia and Pennfield airport?

2. If so, who purchased these properties and what was the purchase price in each case?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.

2. The government of the province of New Brunswick has purchased the camp Utopia property for $90,000.

An offer of $26,300 from the same government for the Pennfield airport property has been accepted by Crown Assets Disposal Corporation subject to the approval of the governor in council.

[The following items were passed in committee of supply]:

ROYAL CANADIAN MOUNTED POLICE

Headquarters administration and national police services—

362. Operation and maintenance, $6,270,114.

363. Construction or acquisition of buildings, works, land and equipment, $282,515.

Supply—Items Passed

Land, air and training divisions—

364. Operation and maintenance, $35,227,872.

365. Construction or acquisition of buildings, works, land and equipment, $5,826,605.

Marine services—

366. Operation and maintenance, $1,633,618.

367. Construction or acquisition of buildings, works, land and equipment, $427,022.

368. Grant to the Canadian association of chiefs of police, $500.

369. Grant to the Royal Canadian Mounted Police veterans' association, $300.

Pension and other benefits—

370. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $15,162.

371. Government's contribution to the Royal Canadian Mounted Police pension account, $1,432,171.

Land, air and training divisions—

578. Operation and maintenance—further amount required, $189,100.

Marine services—

579. Operation and maintenance—further amount required, $64,480.

580. Construction or acquisition of buildings, works, land and equipment—further amount required, $21,000.

Pensions and other benefits—

581. Government's contribution to the Royal Canadian Mounted Police pension account—further amount required, $16,792.

DEPARTMENT OF TRADE AND COMMERCE

Trade commissioner service—

381. Administration and operation, $3,747,293.

382. Construction or acquisition of buildings, land, equipment and furnishings, $222,000.

HOUSE OF COMMONS

Monday, June 29, 1959

The house met at 11 a.m.

SPEECH FROM THE THRONE

ACKNOWLEDGEMENT OF ADDRESS IN REPLY

Mr. Speaker: I have the honour to inform the house that I have received a message from His Excellency the Governor General, signed by his own hand, reading as follows:

Government House, Ottawa
23rd June, 1959

Members of the House of Commons:

I have received with great pleasure the address that you have voted in reply to my speech at the opening of parliament. I thank you sincerely for this address.

Vincent Massey

MISCELLANEOUS PRIVATE BILLS

Eighteenth, nineteenth and twentieth reports of standing committee on miscellaneous private bills—Mr. McCleave.

CANADIAN BROADCASTING CORPORATION

STATEMENT BY MINISTER ON CURRENT SITUATION

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the Leader of the Opposition the other morning asked me if I would bring together the statements which have been made on behalf of the corporation in connection with the matter which has been occupying the press over the last few days. The first statement was issued and read by my colleague the Minister of Justice the other day, but I think for continuity all the statements should be put together at this time. This is a statement by Mr. Bushnell, and if the house would agree it could appear in *Hansard* at this point, as it was read the other morning.

Mr. Speaker: Is it the wish of the house to have this statement printed in *Hansard* rather than being read at this time?

Mr. Pickersgill: I wonder whether, in view of the importance of this statement, and it is not a very long statement, the minister would read it so it will be fresh in our minds?

Mr. Nowlan: Very well. This is the statement issued by Mr. Bushnell to the press on Monday, June 22, as I am advised:

Some two weeks ago the corporation decided to replace the "Preview Commentary" from Ottawa, which followed the eight o'clock C.B.C. news, with a "Special Parliamentary Report" prepared by the C.B.C. news service. It was felt that this would improve the corporation's service of reporting the proceedings of the previous day in parliament.

This has been followed by resignations of several members of the corporation's talks and public affairs national office in Toronto, on the grounds that the substitution of the opinion broadcast "Preview Commentary" by the factual C.B.C. news report implied political interference with the C.B.C.'s broadcasting of controversial affairs. The corporation does not accept this implication.

The C.B.C. has the fullest confidence in the talks and public affairs department which over the years has contributed some of the C.B.C.'s most distinguished and responsible broadcasting.

Then I am advised that on June 24, following a series of meetings of the board of directors which had taken place in Toronto, the following statement was made at six o'clock in the evening:

Since the C.B.C. board of directors began its regular meetings in Toronto, assertions have been made that a directive of management which replaced the "Preview Commentary" by a factual report on the daily proceedings in parliament was prompted by considerations incompatible with the independence of the C.B.C. The board and management of the corporation are convinced that the intent of the directive has been misinterpreted by the public. Accordingly, and in order to remove any doubt as to the independence of the corporation, "Preview Commentary" will be resumed on Monday of next week.

The board of directors and management of C.B.C. at this time wish to reaffirm the established policy of freedom of expression in C.B.C. programs devoted to the discussion of public issues.

Following that Mr. Walker, of Toronto, issued this statement on June 24:

Mr. H. G. Walker, the director for Ontario and English networks division of the C.B.C., announced tonight that the resignations submitted by employees earlier this week have not been accepted by C.B.C. management. Mr. Walker hopes that all employees will find it possible to resume their normal duties.

And in connection with resignations, I am advised that none of the resignations have been accepted by the corporation and that all the employees have returned to work except Mr. Peers, supervisor of talks and public affairs, Mr. Hugh Gillis, his assistant and Mr. Bernard Trotter, who have said they did not want any action taken on their resignations until they have appeared before the House of Commons committee on broadcasting tomorrow.

That comprises the official record of the documents. I am told that Mr. Bushnell held a press conference, but I have not seen any notes of this and I believe no record was kept, except what subsequently appeared in the press, and I also understand that Mr. Bushnell made a statement over the C.B.C. in an interview, notes of which I have not in my possession.

While I am on my feet, so that the record may be complete, may I refer to the series of questions which the Leader of the Opposition asked me last week when I was away. I think perhaps these questions should be answered here now so as to make a continuous record. The Leader of the Opposition asked, as recorded on page 5086 of *Hansard:*

Were discussions held in the past ten days in Toronto or Ottawa between management of the C.B.C. and persons who have since resigned from their posts in the corporation?

The answer is yes.

I was also asked:

If so, who were present at these discussions for C.B.C. management and for talks and public affairs personnel.

The answer is, Mr. E. L. Bushnell for management and Mr. Frank Peers for the talks and public affairs department. The last part of the question was:

How many such meetings were held, and on what dates?

The answer is that one meeting was held, on Sunday, June 21. That is the full answer to the questions asked by the Leader of the Opposition. The hon. member for Laurier and the hon. member for Essex East also asked questions with respect to the resignations, but as I have already stated all the persons concerned except the three I have named have returned to work, and I am not in a position to give more detailed answers to those questions than those I have just given.

When I referred to this matter on Thursday morning, I think it was, when I returned from St. Catharines, I said I would make a statement to the House on Monday. I think that was an unfortunate phrase. I was not thinking at that time that these gentlemen were appearing before the committee or that this was a continuing matter, and I think it would be improper for me, as this matter is sub judice, to comment on the broader implications of this matter until the committee has considered whatever evidence may be brought before it and taken whatever action it may wish to take as far as examining witnesses is concerned. For that reason I do not propose to say anything on that particular issue until it has been clarified and dealt with by our committee of the House of Commons.

However, with the permission of the house I would like to say a word about Mr. Bushnell, whose name has appeared in the press in the last few days in various reports and rumours of impending resignations and so on. Mr. Bushnell was appointed assistant general manager of this corporation when it was reorganized last fall. Mr. Ouimet was made general manager. Mr. Ouimet was appointed president and Mr. Bushnell vice-president respectively.

In December the corporation was faced with the strike of Radio Canada. Mr. Ouimet had been away. He returned and tried to deal with that strike. As a result he collapsed, and as we all know has been seriously ill since that time. I am glad to say that his doctors report that they think he can return to work within a matter of two or three weeks, although not to assume full responsibility initially. As a result of that illness Mr. Bushnell carried on not only as assistant general manager but as general manager, as president and vice-president. In other words, he was doing the work of two men.

Those of us in this house who have been close to the situation in the last few months —and I see this was mentioned in the Canadian Press dispatch in this morning's papers—are aware that the last six months have been probably the most hectic in the history of the corporation. I can say of my personal knowledge that during this period Mr. Bushnell has worked tirelessly and given himself wholeheartedly and solely to the corporation. I know that on many occasions he worked 17 or 18 hours a day throughout the strike. Although I am not a doctor I can tell hon. members—and I have had advice to this effect as well—that Mr. Bushnell is completely and totally exhausted after having carried this heavy burden during this period of time. In fact I have been afraid that we would have more than one man in hospital with a heart attack and I still fear this possibility.

Mr. Bushnell is carrying on and intends to carry on despite reports to the contrary. There has never been any thought of his not being here until this committee has finished its investigation into this particular phase in the matter of interference with the corporation. I hope when this has been concluded Mr. Bushnell will be able to get away for a few weeks rest—and I say "few weeks" advisedly—because I am told that the answers concerning other matters to be examined into by the committee can be supplied by other officials of the corporation, and it will not be necessary for Mr. Bushnell to be present.

Mr. Bushnell inherited the situation and did not create it. He was recommended to me by the former general manager and chairman of the board and by all the senior officials of the corporation, I was told, I believed, and I still believe that the morale of the corporation might have been prejudiced if Mr. Bushnell and Mr. Ouimet had not been appointed as president and vice president.

During the last few days I have personally received many telephone calls from officers and employees of the corporation not only from Ottawa but elsewhere across the country telling me of their confidence in Mr. Bushnell and their resentment at the charges of weakness and incompetence and so on and so forth which have been made against him.

I can only say that I have been closely associated with him, as I was with Mr. Ouimet prior to his illness, since the day they became president and vice president of the corporation. I must say I have heard from Mr. Bushnell some "Bushnellisms" because our discussions have been frank and free in dealing with all aspects of the corporation. I have seen no sign of weakness or incompetence. I personally believe that Mr. Bushnell deserves the confidence of the country and the corporation for the way he has given to it of his strength and his whole being during these very difficult months.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I think the Minister of National Revenue is right and wise in not seeking to prejudge the question that is going to be considered by a committee of this house tomorrow. I am sure I will be expressing his views as well as my own when I say I hope that investigation will be carried on in a calm, judicial and non-partisan spirit, and that there will be no attempt made to prevent the committee from finding out the truth.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we in this group feel it is very important that there shall be at the head of the C.B.C. a strong management; that the C.B.C. shall maintain its independence at all times, and perform the function of promoting public discussion on controversial issues without any interference whatsoever. We have been disturbed, naturally, by recent events. We hope the inquiry that is about to take place will result in the strengthening of the C.B.C. and maintaining it for the purpose given to it by parliament when it was first set up. We think in a country like Canada with a bicultural nature and two official languages a strong C.B.C. is essential to the preservation of the very integrity and independence of this country. For these reasons, which are very strong ones, we trust that the difficulties will be resolved and that in the future there will be no question but that the independence of the C.B.C. is being maintained.

INDIAN AFFAIRS

LEGISLATION TO CONFIRM CANADA-NOVA SCOTIA AGREEMENT RESPECTING RESERVES

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved the first reading of Bill No. S-25 (from the Senate) to confirm an agreement between the government of Canada and the government of the province of Nova Scotia respecting Indian reserves.

Motion agreed to and bill read the first time.

RESEARCH

ESTABLISHMENT OF QUEEN ELIZABETH II FUND FOR RESEARCH INTO CHILDREN'S DISEASES

Right Hon. J. G. Diefenbaker (Prime Minister) moved that the house go into committee later this day to consider the following resolution, which has been recommended to the house by His Excellency:

That in order to mark the occasion of Her Majesty's visit to Canada and Her personal interest in the well-being of children, it is expedient to introduce a measure to provide for the establishment of the Queen Elizabeth II Canadian fund to aid in research on the diseases of children, for the purpose of assisting individuals or organizations to undertake or carry on research into the diseases of children and the causes, prevention and treatment of such diseases, and for the payment into the said fund of the sum of $1 million out of the consolidated revenue fund; to make provision for administrative and technical services and facilities required for the purposes of the act; and generally to make such other provisions as may be necessary to accomplish the purposes of the act.

Motion agreed to.

MOTION FOR PAPERS

FORT FRANCES, ONT.—BRIDGE

Motion No. 125—**Mr. Fisher:**

For a copy of all correspondence exchanged between the federal government and the province of Ontario, the state of Minnesota, the government of the United States of America and any other authorities or persons, regarding a bridge at Fort Frances, Ontario, since January 1, 1956.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, there is no objection to this motion passing.

Motion agreed to.

Inquiries of the Ministry

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO CALLING OF CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether, in view of the fact that the premier of Quebec has announced his intention of attending the conference which opens next week between the provincial treasurers and the Minister of Finance, the government has made any arrangements to invite the premiers of other provinces to attend this conference who are not themselves provincial treasurers?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have no knowledge that such an invitation has been sent. The Minister of Finance is unavoidably absent today in Toronto in connection with the visit of Her Majesty the Queen. He will be back tomorrow I think. I would suggest that the question might be taken as notice to be answered by him.

NORTHERN AFFAIRS

ESKIMOS—INQUIRY AS TO ART INSTRUCTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in an effort to do something to lower the temperature in the house I want to ask the Minister of Northern Affairs and National Resources a question about the Arctic. I did not send any notice because it has just come to mind. Has the minister received any complaints from people in Canada about teaching the Eskimos forms of art other than their native forms?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Not to my knowledge, Mr. Speaker.

IMMIGRATION

LATVIAN FISHERMEN—STATEMENT ON CONSIDERATION OF REQUEST TO ENTER CANADA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the hon. lady, the Minister of Citizenship and Immigration, if she has any statement she can make to the house about the two Latvian refugees, in view of the press reports.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I think the press reports have pretty well covered the situation. By now it is known that the two Latvian seamen have made a formal request to remain in Canada. They have been given a minister's permit of one year's duration, and it is my understanding that they are at present in the care of friends in the city of Toronto.

Mr. Pickersgill: I wonder whether the minister is now in a position to answer the general question about deportations behind the iron curtain.

Mrs. Fairclough: It is not a case of being in a position to answer it. Personally I do not think this should be a subject for open discussion. Each case is handled on its own merits and carefully considered, and I think that is about as far as I care to go.

LABOUR CONDITIONS

PEACE RIVER BRIDGE—INQUIRY AS TO STRIKE OF STEELWORKERS

On the orders of the day:

Mr. W. C. Henderson (Cariboo): I should like to direct a question to the Minister of Labour. Can the minister inform me what steps are being taken to halt the strike of steelworkers on the Peace river bridge in order to recommence work at the earliest possible moment? I have received telegrams from the Dawson Creek chamber of commerce and the mayor and city council of Dawson city requesting immediate action on the matter.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have looked into the situation and I am informed that this matter is entirely under provincial jurisdiction.

INDIAN AFFAIRS

SKIDEGATE, QUEEN CHARLOTTE ISLANDS, FIRE—REQUEST FOR STATEMENT BY MINISTER

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to ask the Minister of Citizenship and Immigration if she is able to give the house any detailed information about the disastrous fire which took place at Skidegate, Queen Charlotte islands, over the week end.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the fire took place, as the hon. member has said, at the end of last week. There was a preliminary investigation on Saturday afternoon but the cause of the fire was not established. The fire marshal is there now investigating the situation, and an inquest will be held on July 1. It was a most heart-touching tragedy because it took the lives of five children, three of them Indian and two non-Indian, and an adult Indian man. Until

such time as the inquest is held I do not think we will have anything further to report other than that I expect to have the fire marshal's report as soon as it is completed.

HOUSING

C.M.H.C.—INQUIRY AS TO DIRECT LOANS TO BUILDERS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Public Works. Would the minister care to comment on a report in the press that the minister made a statement to the national house builders association that beginning this year loans will be made directly to builders by Central Mortgage and Housing Corporation in order to prevent a drastic reduction in housing construction? Can the minister say whether this announcement is one that will be made firm in the near future?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I saw this dispatch myself. I made no statement to that effect to the officers of the national house builders association when I discussed the whole situation with them a week ago. I think the report is a case of jumping to conclusions. When a policy has been decided upon it will be announced in the house.

Mr. Argue: Can the minister say whether consideration is now being given to this proposition?

Mr. Green: Consideration has been given to the whole housing problem not only in the last week but for many months.

BUSINESS OF THE HOUSE

INQUIRY AS TO PROCEDURE ON DOMINION DAY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister what arrangements have been made for the business of the house on Wednesday, July 1.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I hoped that the Leader of the Opposition and the hon. member for Assiniboia might meet with me and that we might agree, subject to confirmation by the house, as to the course to be followed. I would think—and I merely make this by way of a suggestion—that the house might sit in the forenoon and adjourn for the afternoon when the proceedings take place on parliament hill, provided, of course, that this procedure meets with general approval.

ST. LAWRENCE SEAWAY

REFERENCE TO CHAIRMAN OF SEAWAY AUTHORITY

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask the Acting Minister of Transport whether he is aware of the fact that the chairman of the St. Lawrence seaway authority who presided at the opening ceremony of the St. Lawrence seaway on Friday was born in Twillingate and educated in Bonavista?

Hon. Leon Balcer (Acting Minister of Transport): Mr. Speaker, I was not aware of that fact. I am sure the house is very pleased to hear it.

RESEARCH

ESTABLISHMENT OF QUEEN ELIZABETH II FUND FOR RESEARCH INTO CHILDREN'S DISEASES

Right Hon. J. G. Diefenbaker moved that the house go into committee to consider the following resolution:

That in order to mark the occasion of Her Majesty's visit to Canada and her personal interest in the well-being of children, it is expedient to introduce a measure to provide for the establishment of the Queen Elizabeth II Canadian fund to aid in research on the diseases of children, for the purpose of assisting individuals or organizations to undertake or carry on research into the diseases of children and the causes, prevention and treatment of such diseases, and for the payment into the said fund of the sum of $1 million out of the consolidated revenue fund; to make provision for administrative and technical services and facilities required for the purposes of the act; and generally to make such other provisions as may be necessary to accomplish the purposes of the act.

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

Resolution reported and concurred in.

Mr. Diefenbaker thereupon moved for a leave to introduce Bill No. C-65 to mark the occasion of Her Majesty's visit to Canada by providing for the establishment and administration of a fund to aid in research on the diseases of children.

Motion agreed to and bill read the first time.

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

Some hon. Members: Now.

Mr. Speaker: By unanimous consent now.

Mr. Diefenbaker moved the second reading of the bill.

He said: Mr. Speaker, I do not intend to speak at any length. I appreciate the attitude of the house in agreeing that in respect of this measure immediate attention shall be

given to the several readings to the end, if it meets with the approval of the house, that the legislation might be passed today and be made available for consideration in the other place.

I would point out first that it was on June 11 that the decision of the government of Canada was announced that in place of the usual gifts that are made to Her Majesty on great state occasions such as a visitation by her, it was decided that course should not be followed and that Canadians as a whole would like to see something of a memorial of the visit which would be generally beneficial to Her Majesty's subjects in Canada. As reported at page 4559 of *Hansard* I set forth the proposal which is now represented by the bill before the house.

In the course of the discussion the Leader of the Opposition mentioned a matter that had already received the consideration of the government. He suggested that with respect to the fund to be set up, provision might be made to enable private citizens to make contributions. I would ask leave of the house to make some reference to the several sections of the bill, though normally this is not done on second reading. I should like to answer by way of anticipation the questions that I believe might arise. The first would naturally be the wording of the preamble. The preamble is somewhat different from the normal preamble in that it starts with these words:

> Most Gracious Sovereign,
>
> Whereas it has pleased Your Majesty to approve the suggestion that the occasion of your visit to Canada and your personal interest in the well-being of children should be marked by the establishment in your name of a fund to be devoted to the furthering of research into the diseases of children and the prevention and cure of such diseases, to which all who wish in this way to make a gift to Your Majesty may contribute—

The wording is somewhat similar to the wording of appropriation bills. Then follows the actual enacting section:

> May it therefore please Your Majesty, that it may be enacted—

And so on. The purpose is to set up a fund to be known as the Queen Elizabeth II Canadian research fund to aid in research into the diseases of children. This is an objective that through the years has represented a particular interest on the part of Her Majesty. Her interest in children has been pre-eminent. On the occasion of her present visit one is more impressed than ever with the fact that while she occupies the position of Queen of Canada and in other parts of the commonwealth that of Queen of the several dominions and in still others that of head of the commonwealth, her interest in children is apparent wherever she appears.

As I said a moment ago, this fund has been generally applauded and approved throughout the country. Indeed, it has been most interesting during the past few weeks to have noted that several provinces—such as the province of Ontario and the province of Alberta—have set up funds for educational purposes and the provision of scholarships, those matters being within the exclusive ambit and jurisdiction of provincial authority. In the province of Quebec a fund has been set up for heart disease research. In other words, this visit in general will be marked by provision being made in many parts of our country for beneficial steps to raise standards both of education and health, to the end that Her Majesty's subjects may enjoy ever increasing standards.

In no field has it been more apparent that action should be taken than in the field of children's diseases. Indeed, the tremendous changes which have taken place in the last 25 or 50 years in this and other fields have brought about an increase in life expectancy. There are those who today predict that in consequence of medical advance in research within this century, a man may well look forward, where the highest medical standards prevail, to an expectancy of close to 100 years.

In order to make this fund widely available for support on the part of Canadians as a whole and also of individuals who choose to make contributions, provision is made that gifts, bequests, appropriations and other contributions may be made not only now but throughout the years that follow while this fund is being administered. In the typewritten draft which was delivered to the Leader of the Opposition and the hon. member for Assiniboia, section 5, subsection 2 provided that a chairman and six trustees be appointed by Her Majesty the Queen by commission under the great seal of Canada. The law officers have advised me today that there is no necessity to have that section included, and all contributions made will be subject to the usual rules respecting contributions to charitable organizations under the Income Tax Act. Therefore there will be no need to have that portion of section 5 included in the bill.

In so far as the purposes are concerned, those purposes are set forth in section 3. That section provides that the fund is to assist individuals or organizations to carry on research into the diseases of children and the causes, prevention and treatment of such diseases. There is also provision for an audit

and a report to parliament so that parliament, having contributed on behalf of the Canadian people $1 million, will exercise that degree of parliamentary control which is essential in expenditures made by parliament and on behalf of the Canadian people.

I think there is nothing further that I need add. The general acceptance of the principle was made clear by members representing the official opposition and the C.C.F. group when the matter first came before the house. I believe this is a major step forward in achieving that relationship between the Queen and her subjects which represents something mystical and yet real, which was so apparent two days ago at the opening of the St. Lawrence waterway when she represented the people of Canada, and in co-operation with the President of the United States gave an exemplification of co-operation which might well be the hope of other parts of the world. In her person she represents the unity of our nation within the commonwealth, and in the personification of her position through funds such as this she typifies the essence of democracy, which is co-operation for the benefit of all her subjects.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it is not of course, normal procedure to put a bill through all stages, as we are doing today with this bill, in such a short period of time before, indeed, we have had an opportunity in advance to study the bill. But, as the Prime Minister has pointed out, the circumstances are not normal. Even in respect of the language of the bill we are impressed by the fact that the circumstances are not normal. Not only are they abnormal; they are very happy indeed, and are circumstances which make it desirable to put this bill through the house in one day so it can be passed by the time the Queen reaches her capital tomorrow.

The objective of the bill, Mr. Speaker, is one which will appeal, I am sure, to all Canadians, designed as it is to facilitate research into children's diseases; and we are sure that objective will be aided by this particular act. We know the need. We know also there is great need of research in other related fields, such as heart disease and cancer. This particular bill will make a contribution to this need. I am glad the Prime Minister and the government have seen fit to include in the bill a provision by which individuals may make contributions to the fund. It will associate individuals with the government in pursuit of a worthy objective.

Mr. Speaker, I am reminded that in the celebration of King George V's jubilee some years ago a fund was set up for cancer research to which contributions came from individual Canadians to an amount, I think, of something over half a million dollars. It was a fund which did much at that time to facilitate research into this dread disease, as also I am sure this fund will do at this time. I recall that that particular fund was put under the trusteeship of the prime minister, the chief justice, and I think also the leader of the opposition, and I believe it was an effectively administered fund, as I know this will be. I would merely express the hope that the Department of National Health and Welfare may be closely associated with the administration of this particular fund.

So, Mr. Speaker, we on this side give our warm and hearty support to this legislation. We know that as a result the children who have been welcoming Her Majesty the Queen with such unrestrained enthusiasm and who have shown no trace of indifference to her visit will in the future, because of the passing of this legislation, have even greater cause to welcome that visit.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise on behalf of this group to express our complete support for this humanitarian measure, and I am sure this measure, as the leader of the official opposition has said, will receive the support of the whole nation.

This bill to provide a gift of $1 million to Her Majesty will form the foundation of a fund which will grow as the years go by to establish and carry on research into the diseases of children.

Mr. Speaker, Her Majesty is the symbol of the past, present and future of the commonwealth and all it stands for. This gift, this fund, will provide for research to remedy some of our neglect in the past; it will provide the financial resources so badly needed in the present for the benefit and for the welfare of the children of today and of the future. We in this group trust that from this token of affection for Her Majesty, this happy thought, this common sense measure, which has our unanimous approval, and from this mutual expression of our common humanity will flow an ever-increasing stream of benefits for children of today and generations yet unborn.

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

Clauses 1-4 inclusive agreed to.

On clause 5—*Board of trustees.*

Mr. Diefenbaker: Perhaps I might say a word with regard to clause 5. The printed form of the bill contains just subclause 1, to establish the board of trustees, and subclause 2—"the head office of the board shall be at the city of Ottawa." It does not contain

the words to which I made reference in my earlier remarks. Those words appear exclusively in the typewritten form, but if the printed form is accepted there would be no need of another amendment.

Clause agreed to.

Clauses 6-15 inclusive agreed to.

On the preamble.

Mr. Martin (Essex East): I do not wish to make any comments on the merits of this bill, but I do hope that the Minister of National Health and Welfare will become very closely associated with this measure. As the Leader of the Opposition has pointed out, there is no reference to the department of health and welfare in the bill, but it would seem to me because of the national health program the Minister of National Health and Welfare must be very intimately associated with this measure.

Mr. Diefenbaker: The suggestion made by the Leader of the Opposition, now repeated by the hon. member for Essex East, is one which will receive the fullest consideration. As a matter of fact, no other department will be more intimately concerned with the objectives which this legislation has in mind. For that reason I know the minister of health and welfare and his department will have wide responsibilities under this legislation.

Mr. McMillan: Is it intended to appoint pediatricians to the board of trustees? I am very much in favour of this measure. I think Canadians in the past have done wonderful work in the field of research, for instance in the investigation and treatment of diabetes. Children were very vulnerable to diabetes and often died from its effects until Dr. Banting discovered insulin. I am just wondering whether the government intends to appoint pediatricians to the board of trustees, or whether such medical groups are to function apart from the board.

Mr. Diefenbaker: I am not speaking with finality on the subject. The suggestion made by the hon. member is worthy of consideration. I think in the administration of this act representation should be fairly widespread, covering not only pediatricians and a representative of the national research council but also the department of health and welfare and possibly one or more representatives from provincial departments of health, to the end that in the administration the objective of the measure will be attained to the fullest possible degree.

Mr. Herridge: I realize that I am somewhat out of order, but I should like to ask a question of the Prime Minister with regard to clause 5. I did not hear the clause passed. I am referring to the Prime Minister's explanation that there was no necessity for this clause to contain the words "the board will be a charitable organization in Canada". Because I am interested in doing everything possible to promote gifts to the fund, would the Prime Minister mind explaining to the house why that phrase should not be necessary, and what other legislation protects persons who might wish to make donations to this fund?

Mr. Diefenbaker: As I pointed out—and possibly my remarks did not have the clarity they should have possessed—in the typewritten copy the words referred to by the hon. gentleman appear, namely "the board shall be a charitable organization in Canada". In the printed copy those words do not appear, and the reason for that change was that in the light of fuller consideration by the law officers of the crown, and in order to keep the bill as simple as possible, the words "charitable organization in Canada" were thought to be unnecessary in order to achieve the objectives and purposes of the measure and were, accordingly, omitted.

The hon. gentleman will note that clause 12 reads:

> A gift or bequest to the fund or to the board for the purposes of the fund shall be deemed to be a gift to Her Majesty.

If we had left in the earlier words in clause 5 there would have been redundancy or, at least, duplication. The meaning of clause 12 is simply this; that any person, individual, corporation or the like who chooses to make a contribution to the fund will be entitled under the Income Tax Act to those credits which are allowed with regard to contributions to charitable organizations.

Mr. Pickersgill: I was puzzled by that language. As the Prime Minister knows, I am not a lawyer, but is a gift to Her Majesty a charitable donation under the Income Tax Act?

Mr. Diefenbaker: As a matter of fact the credit is given when the wording is "a gift to Her Majesty in the right of Canada" but it was felt that there was no necessity, in the opinion of the law officers of the crown, to include those words "in the right of Canada".

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACT

AMENDMENT TO REVISE AND CONSOLIDATE CERTAIN PENSION PROVISIONS, ETC.

The house resumed, from Tuesday, June 23, consideration in committee of Bill No. C-57, an act respecting the superannuation of members of the Royal Canadian Mounted Police—Mr. Fulton—Mr. Sevigny in the chair.

Mr. Denis: Mr. Chairman, the Minister of Finance explained that the purpose of this bill was to revise the old Royal Canadian Mounted Police Act and make it less confusing, but after reading this bill I have reached the conclusion that far from being less confusing it is more confusing and incomprehensible. It would have been better to change the former act and leave just one piece of legislation on the statute books instead of creating several acts referring one to the other. For instance, the former act used to bear the name Royal Canadian Mounted Police Act which is precisely the short title of Bill C-34. The former act has been amended and bears the name Royal Canadian Mounted Police Pension Continuation Act. It was formerly chapter 241 of the revised statutes of Canada, 1953.

An examination of the new bill indicates that most sections of the former act have been repealed with the exception of four or five sections. While the former act is repealed we see that the new bill makes many references to the former act, which still applies to some members of the force who get benefits under the new bill. It is difficult to understand how we can determine what section of the act will apply to one particular member of the force if we have to consult anywhere from three to six acts in order to learn what a member is entitled to. The new bill refers many times to the Public Service Superannuation Act, the Canadian forces superannuation act and the former act which has been repealed. The minister has made the law much more confused than it was previously.

Another criticism of the new bill arises from the fact that interpretations or definitions of words are scattered throughout the bill. Clause 2 gives definitions of a few words, but others are defined in other clauses. Clause 6 subclause 2 defines "interests", clause 8 subclause 1 defines "annuity", "immediate annuity", "deferred annuity", "cash termination allowance" and "return of contributions". Clause 14 defines "widow" and "widower", clause 15 defines "recipient", clause 17 defines "elective contributor" and clause 29 defines "former act". Does the minister not agree that there should be one definition clause or interpretation section?

Another weakness of the new bill is that some clauses contain sentences ranging from 37 to 42 lines in length without a period. Clause 5 contains a sentence of over 104 lines. When you reach the end of it and encounter the verb you have forgotten the subject to which it applies. I know it will be answered that these are excerpts from old acts, but my main criticism is that instead of one comprehensive act we now have five or more.

Bill No. C-57 is called the Royal Canadian Mounted Police Superannuation Act. We have also recently passed Bill No. C-34, which bears the name Royal Canadian Mounted Police Act. This was the name of the former act now amended by Bill No. C-57, which will hereafter be referred to as the Royal Canadian Mounted Police Pension Continuation Act. Sometimes the bill refers to the former act which applies to some members of the force. Therefore reference is made to a former act which has been repealed. I understand that the word "repealed" means the act is no longer in effect. When the next revised statutes of Canada are printed I am sure they will not contain former acts which have been repealed, and in order to get information in respect to certain cases we will have to refer back to previous revised statutes in orders to obtain the information we seek.

Surely it would have been less confusing if we could have had one act to cover every circumstance and case. I have observed that words such as "pension" "benefit" and "contribution" are interpreted in the same way and repeated in all these bills or acts. The Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Royal Canadian Mounted Police Pension Continuation Act are based on the same principle, so there could be one piece of legislation dealing with all the categories of people mentioned who take advantage of these various clauses. My good friend will deal with this in more detail when we come to the different sections.

I regret that the Minister of Justice, in introducing new bills to clarify the matter or make it less confusing, has missed the point. I ask him to see next year or two years from now whether he cannot take advantage of these suggestions and instead of having four, five or six bills which are intermingled, introduce one clear bill which will apply to every category of the R.C.M. Police, the Canadian forces and the civil service. If he will look into all the acts covering these people he will find that the ways of calculating the service one has given to the government come to about the same thing. Sometimes there may be a difference of one or

two years, as we said when we discussed Bill No. C-37. Sometimes one category has a greater advantage than the other but still some of these bills are much more confused than they were before.

It is very difficult to interpret this new bill which refers to the former act, which is being repealed in respect of some of its contents but still bears another name. I ask the Minister of Justice and his officials to introduce a new superannuation bill next year so that anyone who wishes to look into it in order to find his own category will not have to refer to four or five other acts, or to a law which is repealed except for a few sections.

Mr. Roberge: Mr. Chairman, I should like to raise at this point a question which I was not aware of when the Canadian forces superannuation act was discussed either in principle on second reading or in committee of the whole. I was informed that there is some difference with respect to the Canadian forces, the civil service and the R.C.M.P. retirement leave or rehabilitation leave. A member of the Canadian army or of the Canadian navy with 20 years' service is granted before retirement four months' rehabilitation leave plus 30 days annual leave. I am told that is done according to the regulations of those services. In the civil service a man with 20 years' service is granted three months' rehabilitation leave plus one month annual leave, as he is entitled to under the regulations.

I am told that in the R.C.M.P. it is quite different. A man with 20 years' service actually is granted two months' rehabilitation leave and in some cases is granted annual leave only because I am told, the annual leave in the R.C.M.P. cannot be taken unless the person actually worked in that particular fiscal year. Therefore it would seem to me there is a difference of appreciation of service of some kind, or a difference in the chance that a member of either of those forces has as opposed to those in civil life.

As I said before, retirement leave is known in all the services. The Canadian forces, the civil service and the R.C.M.P. have rehabilitation leave. This is given on the grounds that those persons are subject to transfer during the last period of service, and to provide those persons with a chance to decide where they will establish their domicile at retirement on pension. It may be that a person who enlisted in the R.C.M.P. while he was domiciled in Nova Scotia may reach the retirement stage of his career in Alberta. This leave is given to him in order to give him a chance, as I said, to decide where to go on retirement.

As I said earlier, in the civil service an individual receives three months' rehabilitation leave, and in the Canadian forces he receives four months. Why is it not possible for all these public servants, the Canadian forces personnel, the R.C.M.P. personnel, to be given the same period of rehabilitation or retirement leave?

This is a point I was not aware of earlier. If I had been I would have raised it on the bill presented by the Minister of National Defence. I want to raise it now so the Minister of Justice will be able to consult with the Minister of National Defence and the Secretary of State to try to iron out those differences and give the R.C.M.P. personnel the same chance that the members of the Canadian forces have, and so that at the same time the members of the public service will have the same chance as the Canadian forces personnel, namely the four months' rehabilitation leave and the 30 days annual leave.

I raise this point now because I was unable to see where in the act I could raise it.

Mr. Fulton: Mr. Chairman, to deal first with the point raised by the hon. member for Megantic, I should explain that retirement leave does not form part of the provisions regarding superannuation. It is, therefore, not covered in any way in the superannuation bill. Retirement leave in the police is taken care of by the regulations under the main act which we recently passed in this house.

I am informed that with respect to both the armed forces and the public service generally the same scheme is followed, that the question of retirement leave is covered by regulations under the National Defence Act or under the Civil Service Act, as the case may be. So in no case are the provisions for retirement leave set or even regulated under the superannuation act. They are covered by regulations under the main acts in each case.

It is true that there are variations in the amounts of retirement leave made available as between the Royal Canadian Mounted Police and other branches of the public service, but we have prepared and have ready now for submission to treasury board new draft regulations under the Royal Canadian Mounted Police Act when it shall have become law, and those regulations will introduce uniform standards, in so far as uniform standards are possible, as between the Royal Canadian Mounted Police and other branches of the public service.

Mr. Roberge: Would the minister permit a question at this time? It is based on information passed to me by one of my colleagues. I am informed that the regulations

were more or less drafted with the aid of those people who deal with superannuation in the civil service.

Mr. Fulton: That is correct. These regulations, in so far as they have any financial implications, are always discussed with treasury board first and in that way—

Mr. Pickersgill: I presume the minister means the staff of treasury board.

Mr. Fulton: Treasury board staff, treasury board officials—and in that way there is assurance that they will be co-ordinated and in so far as possible differences as between various branches of the public service will be eliminated.

With respect to the remarks of the hon. member for St. Denis, I have to confess that the R.C.M.P. superannuation bill is a complicated measure. It may not be a completely adequate defence but I can defend it in part at least on the ground that that is true of other superannuation measures, the Public Service Superannuation Act and the Canadian forces superannuation bill which was approved by the house just recently. But I can assure him that, again in so far as it is possible to do so, the three measures will now proceed on exactly the same basis and there will be uniformity in the superannuation provisions applicable to the public service generally, the armed forces and the Royal Canadian Mounted Police of Canada. This bill then is of a uniform pattern with the other superannuation measures passed by parliament.

I also agree with him that it is perhaps unfortunate that there must be a reference back to other measures, but unless we made reference back to other measures under which pensions have been payable to members of the force in the past I can assure my hon. friend that this bill, as my officials suggest, might be at least twice as complicated as it is at the moment and certainly would be twice as long.

I am interested in the suggestion that there should be one general superannuation act covering all branches of the public service, that is, the civil service, the armed forces and the R.C.M.P. I would have thought it more efficient and clearer to have three separate bills, because inevitably there are certain differences in the conditions of service and thus in the superannuation benefits as between the three services. I would think that if you had one general act you would have to introduce so many detailed provisions making variations and exceptions that you would not in fact accomplish the object of clarity.

It is a matter in which other ministers are just as concerned as I am; therefore it is not one on which I can act unilaterally. However, the suggestion is worth looking at, and I am quite sure that the officials before me will take note of it. Indeed, I will see that it is discussed with treasury board officials, but I would not care to go beyond that because, as I say, it seems to me there would be more difficulties and complications created than there would be saved by following such a course.

Mr. Denis: Mr. Chairman, may I mention one point with respect to the definition of the word "pay". We have two different definitions in two sections of our law because section 2 of the former act is not repealed. In Bill C-57 we have another definition of the word "pay" in clause 2 (j). Which one is to apply? We have a third definition in section 93 of the old act. Which one applies when we want to know the meaning of the word "pay"? The minister was supposed to eradicate such confusion from the legislation.

Mr. Fulton: The definition of "pay" as given in the new clause 2 will be the definition of application to Bill C-57 itself and all pensions and superannuation benefits which are to be determined in accordance with this bill. But in part III the bill provides for a continuation act; therefore the definition of "pay" in section 2 of the old act, which as my hon. friend says is not repealed, will be the definition which has application for the purpose of the continuation pensions or continuation superannuation.

Mr. Denis: What about section 93 in part V of the old act, subsection (h)? This part is repealed.

Mr. Fulton: Yes, that disappears entirely because part V of the pension provisions of the former Royal Canadian Mounted Police Act is being replaced by the bill now before us, so there is no need to continue any part of part V of the old Royal Canadian Mounted Police Act.

Mr. Crestohl: Mr. Chairman, while we were considering the previous measure having to do with the Royal Canadian Mounted Police I asked the minister a question and made some reference to the superannuation for the retiring commissioner. At that time the minister pointed out to me that the appropriate time to deal with that matter would be when the measure now before us came up for consideration. I am having a little difficulty in trying to locate the clause which might deal with that phase of superannuation. May I also say to the minister that I hold no brief from the retiring commissioner to speak about the matter, but my interest is more than just academic. My interest stems

from the fact that a very formidable editorial appeared in the Montreal *Star* which raised the question, and it is quite possible that similar situations might arise in the future.

I do not have to discuss at this time the merits of the retiring commissioner, and I know the minister has recognized the great service he has rendered to the country. But there seems to be a feeling, as expressed in the Montreal *Star,* that here is a man who retired almost at the point when he would have reached his maximum superannuation, and he did not retire for any of the causes mentioned in the act which would in some way disqualify him. I am raising this point now on clause 1 because I do not know on what clause I can discuss the matter. I do not know whether it would be clause 17 dealing with special cases, clause 20 dealing with the establishment of a pension board or clause 21 which sets up regulations for the pension board.

I am hopeful that somewhere within these sections there is a provision that could enable the pension board or parliament or the governor in council to say, or would give them the authority to say, either dealing with this case or any similar case in the future, that here is a public servant who has given Canada very satisfactory and excellent service but who through circumstances of a disagreement felt it was not consistent to hold his job—whatever the circumstances, he retires; and he retires, I do not say with the blessing of the minister or of the house but certainly without any hostility—and it is felt that after 20 some years of service he should not be prejudiced.

Mr. Fulton: Thirty-four years.

Mr. Crestohl: The minister says 34 years. That makes my case still stronger. I am not arguing Mr. Nicholson's case. I am arguing the case generally of a man who has had that record and who has actually been prejudiced by his retirement through no fault of his own, and am asking whether a provision should not be created, if one does not exist, by which the country can say to a man like that, "You are on the point of retiring; you have another year or two years to go. We will grant you two years' leave of absence and allow you to retire on your full pension". I believe it would be a popular measure throughout the country, and I believe it would be well received.

While we cannot decorate a man for public service of this kind, we can recognize it to some extent by seeing that he is not prejudiced. I do not care what the amount involved is. He should be permitted to retire on full pension and a fortiori if he has only one more year to go in order to achieve it.

[Mr. Crestohl.]

What provision is there in the act that would enable parliament, the pension board or the governor in council to deal with a case of that kind?

Mr. Fulton: There is no provision in the act or in the bill before us which would enable parliament or the governor in council to deal, of its own motion as it were under the act, with a case of that kind. A special case of the type which this retirement certainly represents would, in my opinion, not be a proper one to cover in an act of general application.

The scheme of a retirement or superannuation act such as this one or the old parts of the Royal Canadian Mounted Police Act which it replaces is, especially in the case of officers, to require a period of minimum service which must be fulfilled before full pension will be payable to an officer who retires voluntarily. I think this is a sound provision because, it will be appreciated, the organization of the force would be difficult to maintain if there were any encouragement or, indeed, if there were any lack of discouragement of officers, particularly those in key positions, retiring before they have served the length of time which it is agreed it is reasonable to ask for.

Second, there is a substantial investment—to put the matter on economic terms alone—in the training and careers of officers and it is therefore a matter of policy to discourage them from retiring voluntarily before they have completed the minimum length of service. In the case of the Royal Canadian Mounted Police the minimum length of service for officers is 35 years. That is the minimum length of service before full pension will be paid on voluntary retirement. After he has completed 35 years of service an officer may retire voluntarily and he will get the full pension which he has earned by his length of service. But in order to carry out the policy to which I have referred, namely to discourage voluntary retirement while an officer is still able to serve efficiently, there is in the present act, in section 45, a provision that an officer who retires voluntarily after 25 years of service but with less than 35 years of service is entitled to a pension for life of 20 per cent less than he would have been entitled to if he were retired compulsorily.

That provision is in there for this purpose. As will be appreciated, if an officer is retired compulsorily before he completes his full term of service—either because, let us say, he incurs some medical or physical disability which makes him unable efficiently to serve or if for any other reason it becomes desirable to discharge him from the force or to remove

him from the force—it should be possible to retire him compulsorily without his incurring any penalty with respect to his pension. That is why the section to which I have referred, namely section 45, is framed in that way; that an officer retiring voluntarily after 25 years' service is entitled to a pension for life 20 per cent less than he would be entitled to if he were retired compulsorily. But the effect of that provision—and it is a principle with which I agree—is to deprive an officer who retires voluntarily before he has completed the full length of service of a portion of his pension. It is a penalty with respect to which the act leaves no option. As I have said, I think it is a sound position for the reasons I have given.

With respect to the individual case of Commissioner Nicholson, however, I am reasonably convinced that parliament did not intend that type of case to be covered or be dealt with in this way, or that parliament would not have intended that case to be dealt with in this way if it had been before parliament at the time the act was being drafted. Here you have a case, as the hon. gentleman says, of an officer within one year or, I think it was, one year and some three days, of the maximum length of service, namely 35 years, after which he would have been able to retire voluntarily on full pension and who felt in his conscience that he was unable to continue to serve for reasons which were given and which we do not need to go into here. He therefore felt called upon to retire.

This is not the ordinary case of an officer just deciding after a certain period, "I want to get out. I can go out on full pension and therefore I will go." This was an exceptional case. I do not know that there has ever been a case like this one previously. However, as I have said, the act left no option but to impose —if I may put it that way—a 20 per cent penalty. As I have already said, I am quite certain that parliament would not have intended this particular case to be dealt with in this way. However, I was and I am still unable to deal with it in any other way in view of the provisions of the act as enacted by parliament. I do not think we should change the provision of the new bill to provide exceptions of general application, because I think cases such as this are so exceptional that it would be unsound to introduce them into the bill.

However, what I should like to say is that I have been concerned over the fact that the former commissioner, following what he regarded to be an honourable course, a course which he felt he had no option but to follow, should have been penalized in this way. While, as I say, I had some disagreement with him as to whether he was right in following that course, and I made it clear that I did not think he was right, nevertheless I respected his motives and his sincerity. However, only parliament can adjust the situation. My hands and those of the governor in council are tied by the provision of the pension act.

In order to bring this matter to a head I am prepared to say this. If there is any indication from parliament, as constituted here in committee of the whole of the House of Commons, that they agree with what my hon. friend opposite has said and with what I have just said as to the undesirability of penalizing an officer with this record, and if I have any general indication that parliament would like to see the matter rectified or adadjusted in this individual case, I would be perfectly prepared and indeed happy to recommend to my colleagues that an appropriate provision be inserted in the estimates of the Royal Canadian Mounted Police for next year. It would be a provision having legislative effect. It would be a provision the effect of which would be to restore to this particular person the pension he would have got had he completed his full 35 years of service.

Mr. Crestohl: Mr. Chairman, I agree with the minister in his analysis that it would be unwise to make such a provision in this act. I certainly agree with his reasoning in not including it. But if the minister will remember, I said that if I had possessed the authority to introduce a bill when I was on my feet speaking on the matter I would not have hesitated to do so. I was very happy to hear the minister's approach and his desire to deal with this matter. I feel that would certainly gratify the entire country and certainly would recognize a loyal civil servant who stepped out in a manner which was symbolic of the force itself in the way Mr. Nicholson did retire.

Mr. Pickersgill: Mr. Chairman, I have spoken to the Leader of the Opposition—not the "official" opposition for the benefit of the hon. member for Kootenay West, who is not in his seat—and as far as we are concerned the suggestion made by the minister we think is very good. I hope if there are any further supplementary estimates in this parliament the minister might—

Mr. Fulton: In this session.

Mr. Pickersgill: —in this session, the minister might consider the matter a little earlier.

Clause agreed to.

The Acting Chairman (Mr. McCleave): The Chair will call the definition clause in whole instead of in part, unless the committee wishes otherwise.

Mr. Roberge: I want to address myself particularly to paragraph (d).

The Acting Chairman (Mr. McCleave): Then we will go one by one.

On clause 2, subclause (1), paragraph (d) —*Disabled.*

Mr. Roberge: On paragraph (d), I note there is a difference from section 2 of the Public Service Superannuation Act, and I want to have reference to the latter part of the subclause. In the bill as proposed the word "ordinarily" is used in line 5, and in the Public Service Superannuation Act the word "regularly" is employed. Is there any reason for that, or any difference in the meaning; and why was the change made?

Mr. Fulton: I am told by the draftsmen that they think "ordinarily" is a slight improvement on "regularly", and I would therefore suggest that if there has to be a change our act should be taken as the model and not the former one, because ours is the newer one. I am told there is no substantial difference. When I said "because ours is the newer one" I recognize, of course, that that is not a good reason. We think "ordinarily" is better, but I am told there is no substantial difference. However, if there is to be a change perhaps it should be by changing "regularly" to read "ordinarily", rather than by changing "ordinarily" to read "regularly".

Mr. Denis: Does the minister also take credit for the added confusion in the law?

Mr. Fulton: I see no confusion in the use of the word "ordinarily".

Mr. Roberge: Would the minister indicate what is the difference, or the amelioration?

Mr. Fulton: As I say, I do not think there is any substantial difference. I would think that "ordinarily" is a little more in favour of the member than the word "regularly" would be.

Mr. Roberge: Is the Chair intending to call them clause by clause?

Mr. McCleave: I think the committee has agreed the Chair shall call them by a breakdown.

Mr. Roberge: I suggest the entire clause be called.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Contributions.*

Mr. Roberge: I would like to ask the minister if there are any members of the force now receiving less than $1,500 a year in salary.

Mr. Fulton: Less than $1,500 salary?

Mr. Roberge: Pay and allowances.

Mr. Fulton: A few special constables may be receiving less. I am told the minimum there is $1,420 per annum.

Mr. Roberge: On that question, under the old Royal Canadian Mounted Police Act, a man who was receiving $1,200 a year or less was paying 5 per cent as contribution; a man who was receiving $1,200 and less than $1,500 would be paying 5½ per cent; and those who were receiving $1,500 or more were paying 6 per cent. Under this act as proposed I note that for the male members of the force it is an even 6 per cent for all.

Mr. Fulton: Perhaps I can clear this up; I have probably created a wrong impression. I was asked whether there were persons receiving less than $1,500 in pay and allowances, and I am afraid I gave the answer with respect to pay only. The lowest paid special constable receives $1,420, but these special constables, I am told, receive a double ration allowance, and that would put them over $1,500. Therefore we feel 6 per cent on uniform application is fair.

Mr. Roberge: Well, if everyone is receiving pay and allowances of over $1,500, it is all right.

Mr. Fulton: That is correct.

Clause agreed to.

On clause 5—*Pensionable service.*

Mr. Denis: I wish to point out to the Minister of Justice that clause 5 is 104 lines long. Moreover, within this same clause reference is made to part V of the former act. It refers to the Royal Canadian Mounted Police Act, and I would like to ask if it relates to the bill passed last week, or does it refer to the former act which bears the same name? Is it the former act which bears that name, or is it—

Mr. Fulton: It is the new act.

Mr. Denis: C-37?

Mr. Fulton: Yes.

Mr. Pickersgill: Does that not raise a dangerous point, which I think came up before in the course of other legislation? Is this not rather a presumption that hon. gentlemen in the other place are simply going to rubber stamp something that came from this place?

Mr. Fulton: Not at all, because both these bills, the superannuation bill and the police bill, are to come into force on proclamation, and if the other place were to refuse to pass

one or other of them we would have to consider an amendment to the one they refused to pass. But we do not anticipate anything like that, and we feel that, since both are made subject to proclamation—

Mr. Pickersgill: I think it is a somewhat dubious proceeding, but I do not think I will go beyond that.

Mr. Denis: I did not finish the references to the 104 lines of this section. In order to try to comprehend this clause you still have to read the National Defence Act. On page 6 you have to read the Public Service Superannuation Act and then at line 33 you have to read the Civil Service Superannuation Act, the Public Service Superannuation Act, the Canadian forces superannuation act and the Canadian Forces Act, 1950, as amended by the Canadian Forces Act of 1954. You have to read all those acts in order to understand, if you can, this clause 5 which has about 104 lines with no period except the last.

Mr. Fulton: The reason for that is simple. We do have persons transferring to the force from the armed services. They have accumulated certain superannuation benefits under the provisions of the act applicable in that regard, so we have to refer to those acts when we are providing for the carrying into force of those pensions. Similarly those transferring from other branches of the public service have accumulated certain rights applicable to them, and we have to refer back to those acts when defining the extent of the benefits which they are entitled to bring forward into the force on transfer.

Mr. Denis: I do not object to these references being put into this clause. What I am trying to tell the Minister of Justice is that in trying to make the law less confused he did not succeed to the extent that he could put it into the newspapers and make publicity out of it.

Mr. Fulton: Perhaps we never succeed to the extent we should like, but I think any member of the force who comes in on transfer will understand what these provisions mean, and if he does not we will be glad to see that the proper officers of the force or of treasury board explain exactly what they mean.

Mr. Denis: I believe in the R.C.M.P.

Clause agreed to.

Clauses 6 and 7 agreed to.

On clause 8—*Kinds of benefits.*

Mr. Roberge: On clause 8, I have read the record of *Hansard* for the year 1952 and I have failed to find any reference to section 8 of the Public Service Superannuation Act. I wonder why. I should like the minister to refer to this bill, especially in line 32. I should like to know why, when there is a return of contributions, that return is made without interest; but when a member of the force has to pay arrears he is called on to pay with interest at 4 per cent per annum.

Mr. Fulton: I am informed that the main reason is to preserve the actuarial soundness of the superannuation fund on the basis of contributions at the rate of 6 per cent, and that if contributors when they became entitled to withdraw contributions also became entitled to withdraw them with interest it would be necessary to increase the rate of contributions to keep the fund on an actuarially sound basis.

Mr. Aiken: There were some increases in pensions allowed in 1958. I should like to ask the minister if the new method of calculating benefits will lead to any increase in the over-all picture, or if they will receive approximately the same benefits as were then allowed.

Mr. Fulton: The provisions to which my hon. friend has just referred related to pensions which were already in effect, benefits received by persons who had gone on retirement some time ago, and as he will recall, it was felt that those pensions were too small. Therefore the Minister of Finance introduced first by order in council and then asked the house—and the house agreed—to ratify it by legislation, a scale of increases in those pensions. That, however, will have no effect on the method of computing benefits under this bill.

Mr. Pickersgill: Surely the minister does not mean to suggest that the Minister of Finance paid out additional money to pensioners or anyone else by order in council.

Mr. Fulton: Perhaps I have been a little careless in my terminology. The provision was first made by an item in the estimates.

Mr. Pickersgill: The Appropriation Act.

Mr. Fulton: It was then incorporated in the Appropriation Act. I should have said "by estimate" and not "by order in council". It was done by an estimate on the first occasion and then by statute.

Clause agreed to.

On clause 9—*Computation of annuities.*

Mr. Roberge: On clause 9 I have one more observation. On the bill we passed the other

day to amend the Canadian forces superannuation act the method of computing was six years, and in this bill it is also six years. Under the Public Service Superannuation Act passed in 1952-53 it was ten years. I should like to ask the reason if there is any reason for this and, if not, to suggest that next year the Public Service Superannuation Act be placed on the same basis.

Mr. Fulton: I am informed that there is an actuarial study now under way to see if that is feasible.

Clause agreed to.

On clause 10—*Benefits payable on retirement.*

Mr. Roberge: On clause 10, I do not remember if the Minister of Justice was in this committee on June 23 when I raised a question with the Minister of National Defence on the other bill. I would refer the minister to page 5046 of *Hansard* of June 23. I would not like to repeat the entire argument I made then, but I should like to summarize, otherwise I would not be logical with myself. I am taking the clause as a whole. Under 10(1), a member who has less than 10 years' service is entitled to a return of contributions or to a cash termination allowance, or if he has served in the forces for 10 or more years he is entitled to an annuity. Under subclause 2, that is the case of a member retiring on account of a disability after less than 10 years, he is entitled to a return of contributions or a cash allowance, but if he has 10 or more years' service he is entitled to an annuity. It seems to me that these two subsections referring to a member who has reached the retirement age or to a member who is disabled are alike, and that the member is entitled to exactly the same benefit.

However subclause 3 provides an immediate annuity after more than 20 years' service. It seems to me there is a certain degree of discrimination there. If a man is retired before reaching retirement age he is entitled to benefits. If he is disabled he is entitled to exactly the same. If he is retired from the force for reasons of economy or efficiency it is not his fault, and it seems to me that he is penalized. If he reaches retirement age it is not the fault of the force. Under subclause 3 he seems to have less choice or option than other members under subclauses 1 and 2.

I have prepared an informal amendment to subclause 3. I am afraid that if I move it I will be declared out of order because perhaps it would add a burden to the treasury. I should like to read the amendment as I have prepared it and submit it to the minister for his consideration. Perhaps he will get in touch with the Minister of National Defence, who has the same problem, and then ask the members of the other place to study the amendment and perhaps move it in the other place.

My proposed informal amendment reads:

That subclause 3 of clause 10 be amended by deleting subparagraphs (a), (b) and (c) thereof and by substituting therefor the following subparagraphs:

(a) If he has served in the force for less than ten years, he is entitled to

(i) a return of contributions, or

(ii) a cash termination alowance, whichever is the greater, and

(b) If he has served in the force for ten or more years, he is entitled to an immediate annuity.

As I say, I am not moving this as a formal amendment because it would be out of order coming from a member of the opposition rather than a member of the government. However, I should like to submit it to the minister so he could consider it in the meantime before the bill goes to the other place. On the other hand, if he wishes to consider it now I should be happy to have him do so.

Mr. Fulton: Mr. Chairman, I appreciate the care with which the hon. gentleman has studied this matter and prepared his suggested amendment, but without making a final decision as to whether or not I could accept it at the moment I must say to the hon. gentleman that it does run counter to the principle upon which clause 10 has been prepared. That principle very definitely is to treat more generously those who are retired by reason of disability than those who are retired compulsorily for any other reason such as to promote efficiency or economy. We feel that those who have to retire because they have incurred some disability while they have been serving members are entitled to more generous treatment than those who have to be retired without having incurred disability for such reasons as to promote economy or efficiency, because in the former case the member would have continued to be a useful and valuable member of the force but he has been disabled through no fault of his own. In the latter case the member would not continue to be a useful and valuable member of the force and that is why he is retired compulsorily.

It has been felt as a matter of general principle that the former member should be treated more generously than the latter. I would not care to be taken as giving any commitment that we would depart from that principle, but I will study the proposed amendment. If I can see my way clear to accepting it I shall do so, but it must be understood that I am not to be taken now

to be giving a commitment to accept it. If that is understood I am prepared to leave it there.

Mr. Roberge: I would be glad if the minister would take it into consideration if it does not offend any actuarial principle.

Clause agreed to.

Clauses 11 to 18 inclusive agreed to.

On clause 19—*Service that may be counted.*

Mr. Fulton: Mr. Chairman, I realize that I am in the hands of the committee here and the committee is being very generous, but I have an amendment to propose myself to clause 19. I do not know whether or not it is fair to ask the committee to continue its generosity.

Mr. Roberge: We would agree to go beyond one o'clock.

Some hon. Members: Agreed.

Mr. Fulton: The amendment is fairly long and the committee may want to take time to consider it before deciding upon it. I would ask my colleague to read the amendment in order that the committee may have an opportunity to study it.

Mr. Comtois: Mr. Chairman, I move:

That Bill No. C-57, a act respecting the superannuation of members of the Royal Canadian Mounted Police, be amended

(a) by striking out lines 9 and 10 on page 21 thereof and substituting therefor the following: 'any period of service in the force or any period of service described in section 5, that,'; and

(b) by striking out lines 41 to 51 on page 22 thereof and substituting therefor the following: 'of any service of that person described in subsection (1), and the person so electing shall be subject to the provisions of subsection (1) in all respects as though he had not become entitled to an annuity, annual allowance or pension under that act but had elected under subsection (1) to pay for the whole of that service.'

Mr. Fulton: Mr. Chairman, may I suggest that I give the explanation so it will be on the record. Perhaps then we can let this clause stand and deal with the others. When hon. members have had an opportunity of considering the reasons for the amendment we could deal with the amendment and the clause later.

Mr. Roberge: Mr. Chairman, may I inquire if the purpose of this amendment is the same as that of the amendment to the Canadian forces pension act?

Mr. Fulton: Exactly the same.

Mr. Roberge: We are prepared to agree to it.

Mr. Pickersgill: We could deal with it right away.

Amendment agreed to.

Clause as amended agreed to.

Clauses 20 to 45 inclusive agreed to.

Mr. Fulton: Mr. Chairman, before we carry the title I should like to express appreciation to hon. members of the committee for their generosity in allowing me to get the bill through this stage at this time.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read a third time; now?

Mr. Pickersgill: By leave.

Mr. Fulton moved third reading of the bill.

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

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

SEEDS ACT

MEASURE RESPECTING TESTING, INSPECTION AND SALE

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill No. S-24, respecting the testing, inspection and sale of seeds.

He said: Mr. Speaker, the explanatory note attached to this bill, which is now in the hands of hon. members, states:

The purpose of this bill is to revise the Seeds Act to meet recent trends and developments in the production, processing and merchandising of seeds. The bill contemplates no substantive changes in policy and is in a form similar to other agricultural statutes enacted in recent years.

The Seeds Act is the instrument which ensures the reliability of seeds sold to Canadian farmers. The first legislation in this field was introduced in 1905 and the present act has been on the statute books since 1923, which is the reason that a revision is necessary at this time.

The act and the regulations under it establish quality standards for seeds for such factors as germination and purity; require imported seed to meet minimum quality standards; and provide for the licensing of new varieties of certain crops and for the grading of registered seed produced under crop pedigree certificates of the Canadian Seed

Growers' Association. It is in connection with this act that seed testing laboratories are maintained by the department.

The bill to revise the act in no way changes the basic requirements of the present statute. The act now, however, contains certain provisions of detail of a nature which require amendment from time to time to conform to changing conditions of seed production and distribution. These have to do with such matters as markings on seed containers, the specific grades which are to be used for seeds, the types of inspection certificates which are to be issued, and the crops to which variety licensing is to apply. Several of these detailed provisions are in need of revision, and representations to that effect have been made by the Canadian Seed Growers' Association and the Canadian Seed Trade Association, the two bodies chiefly concerned with this act and regulations under it.

These detailed requirements are deleted from the bill revising the act and authority is provided to prescribe them by regulation of the governor in council. The bill in this respect is in a form similar to other agricultural statutes enacted in recent years.

I might mention one matter which will be familiar to any hon. members associated with seed production and which constituted one reason for revising the act. The act now establishes two classes of pedigreed seed, namely registered and certified. Registered seed is based on the registration of crops by the Canadian Seed Growers' Association, while certified seed is based on the certification of crops by the department. These two services are, under present conditions, a duplication of each other, since both serve the purpose of guaranteeing the purchaser seed which is of a pure variety. The seed growers' association and other agricultural interests have urged that this duplication be removed.

The bill to revise the act, unlike the present act, does not establish classes and grades for seeds directly. It requires that seed must conform to prescribed standards and provides for grades to be established by regulation and for the use of the standards of the Canadian Seed Growers' Association. The present duplication between registered and certified seed can therefore be removed in the grades to be established by regulation under the act, and crop registration by the Canadian Seed Growers' Association can be recognized for grades of pedigreed seed.

I am pleased to be able to inform the house that the bill was approved both by the Canadian Seed Growers' Association and the Canadian Seed Trade Association at their recent annual convention in western Canada.

[Mr. Harkness.]

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, having lived in the province of Manitoba longer than in any other province in this country, and knowing the province of Manitoba probably has a greater number of members of the Canadian Seed Growers' Association than any other province, I should like to say a few words with respect to the bill. The minister did read the innocent sounding explanatory note, and I imagine that the bill in its intentions is entirely along the lines of the explanation he has given.

This bill, of course, was introduced in the Senate by the government leader there, and he used a similar phrase. He said, as reported at page 766 of Senate *Hansard*:

> Certain details of the present act are deleted, and provision is made to establish them by regulations.

While I have no doubt that this is probably an efficient way to go about the operation of this act, I do find it a bit amusing, having heard for so many years criticism and abuse from members opposite to the extension of authority under order in council, but this was indicated as the main purpose of the bill before us. I think this was a frank cat out of the bag statement that was given by the government leader in the Senate. In other words, henceforth with respect to seed administration we are going to have a greater amount of government by order in council.

Now, Mr. Speaker, I think hon. members will be gratified to know that while last year the actual sales of the products of specialists in seed growing to other farmers were lower and rather disappointing, their membership has actually increased very substantially, I think some 31 per cent more pedigree seed was grown when one compares 1957 with 1958; although, as I say, at the recent meeting of the Canadian Seed Producers' Association it was admitted that their actual sales of these very worth-while pedigreed crops, which were in abundance, had not sold as freely last year as one would have expected in this age when there is every desire to have the utmost efficiency.

While I know it is in slight breach of the rules to refer to a section of the bill, but inasmuch as I do not propose to speak on clause 1 of the bill I might just indicate that the co-operation between the association of specialized farmers who grow certified and registered seed is recognized by the government and has been for a great number of years, as set out in clause 4 (1)(a) where it says that the Canadian Seed Growers' Association will play a very prominent part in the establishing of the regulations to which the minister referred.

I think most members of the house are well aware that there is a very high degree of

western interest in this measure, in that last year about 80 per cent of the growers who were issued certificates by the association were farmers of western Canada. With the exception of oats, practically all the registered and certified seed grains were produced in western Canada, and they also produced a very high percentage of the oil-bearing crops such as flax, rapeseed and the like, in addition to a great number of grasses and clovers. I think my own district of Kenora-Rainy River can be said to be a prominent area with respect to the growing of pedigree clover seed. At the recent annual meeting in Saskatoon the president of this association, Professor E. A. Lods, had this to say:

The main change involved—

He was referring to the new legislation, which is the result of co-operation between the association and the government over quite a number of years.

—is that the recording of certified stocks is added to what we have done in the past. Probably there will be changes as to details and possibly changes as to grades, names of grade and of classes of seed. However, the basic principles of pedigree seed production remain as before. Our objective is that of producing and making available seed, genuine as to kind and variety, and seed having a really high degree of purety as to variety. These are the essentials. The regulations were adopted so as to facilitate attaining our objective. They are not a sort of parade ground drill, they are not for us to follow simply as formalities; they are to help us avoid pitfalls when trying to produce good seed.

I have indicated that the membership of the seed growers association has increased very notably in the last year or two, now numbering some 7,000. I hope that the plant products division of the Department of Agriculture, in co-operation with this association and others who are interested in the matter, will be able to provide to more farmers with greater rapidity the types of improved seeds which will result in improvement of our crop quality.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the introduction of this legislation does something to stir my memories of years ago. We have come a long way in the past 25 or 30 years with respect to the registration and certification of seed. A classmate of mine at the Ontario Agricultural College, who graduated in 1913, went to British Columbia and became an official of the Department of Agriculture. It was his responsibility, under the Conservative government of the day, to visit the various farms on which seed was grown and to inspect potato crops for certification. On one occasion he went to the farm of a very prominent grower on Vancouver island who had, I think, 20 acres of potatoes which he wished to have inspected as certified seed potatoes, and he refused to do so because the crop had a certain percentage of mosaic.

He reported to the deputy minister of agriculture, who was quite concerned and said, "Now, look here; do you not realize that this man is a very influential Conservative on Vancouver island, and that it makes a very great difference to him so far as price is concerned whether or not this seed is certified? I suggest that you go back and have another look." So he went back and had another look to make certain, but he did not change his mind. He came back again and turned in a similar report. The result of the faithfulness, shall I say, of that civil servant to the law and to the high standards that were set was that he was promptly discharged. Later he went to work as senior agriculturist for the Consolidated Mining and Smelting Company.

I am not saying that this practice, which was quite prevalent in those days, was peculiar to one party more than the other, but I know from personal experience that there were certain political overtones with regard to the inspection of crops or seeds for registration or certification.

As I said before, we have come a long way since then, and I am very glad to know that the government has introduced this bill after receiving representations from the Canadian Seed Growers' Association and the Canadian Seed Trade Association, and that both these associations have endorsed the terms of the legislation. Why has there been this great improvement? I think, using the words of the hon. member for Kenora-Rainy River, it is because of the influence of farm organizations, seed growers associations and the seed trade association.

Finally I wish to say that as long as any government pays attention to what the farm organizations have to say with respect to legislation affecting them or the seed growers or the seed trade association or other organizations they will be receiving very sound advice for the development of legislation such as this. With these few remarks, Mr. Speaker, I shall be pleased to wait until the bill is in committee.

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

On clause 1—*Short title.*

Mr. Martin (Essex East): Can the minister explain why the bill does not seem to have the usual indications of what sections are being amended, what sections in the act are to be continued and so on? Looking at the bill in its present form it is very difficult to ascertain with respect to this legislation

which has been on the statute books at least so far as the last amendment is concerned since 1923, I think, just exactly what sections are being amended although of course, as the minister has pointed out, the amendments are not of a substantive character.

Mr. Harkness: The explanation is that this is not an amending bill. This is a complete revision, and I think it is generally the custom in a complete revision to bring in a bill in this form as compared with the situation where a bill is introduced merely to amend an act, in which case you have references throughout the bill to the sections which are being amended. In this instance it is a new bill, and in effect it is a complete revision.

Mr. Herridge: Can the minister explain to the house what are the recent trends and developments in the production, processing and merchandising of seeds that have required the introduction of this bill? I am simply seeking information.

Mr. Harkness: As I said in the brief speech I made on second reading, the first thing is the matter of bringing together registration and certification and doing away with that duplication which actually caused an increase in the price of seeds. The second is doing away with a considerable number of what are now antiquated provisions with regard to marking and so on in the old act.

Mr. Benidickson: I made some broad remarks. I wonder whether at this more informal stage of the debate the minister would make some comment. I indicated that while the area producing seed grains, according to my information, had increased very noticeably—for instance in one year—the use of registered or certified seed in Canada is not noticeably increasing. Has the minister any comment to make on that matter? I was impressed by the fact that this section of his department employing some 80 inspectors made 31,640 seed inspection visits and that 5,520 samples were taken in addition to the visits. That record is very impressive statistically, but if we are increasing the number of farmers who are growing these pedigree grains, why is it that the use of these grains is not apparently progressing in a similar fashion?

Mr. Harkness: All I can say about that matter is this. The use of certified seed or pedigree seed, as it was in the past has depended to a considerable extent, I think, on what farmers thought was the possibility of selling this grain at an increased price or at a price considerably higher than the average price of grain of that particular kind.

[Mr. Martin (Essex East).]

The opportunities along those lines naturally vary up and down. I do not think I could be more specific than that. I know of no particular reason other than that for the fact that the number of certified seed growers or registered seed growers has not increased more rapidly than it has in the past. I know that in my own area just south of Calgary the number of people engaged in growing registered seed has varied up and down quite markedly over the last 15 years. There have been a considerable number of people in it when they were making a good deal of money out of it, and as soon as the spread between the ordinary price of grain and the seed narrowed down, many of them would go out of it.

Mr. Benidickson: Would I be right in thinking that about 95 per cent of the devotion to this cause is in the cereal grains such as wheat and barley, flax and oats?

Mr. Lennard: In connection with what the hon. member has just asked I think I could perhaps throw some light on that subject. I am interested in a farm, and while we have never bought registered seed we buy seed that is one crop removed from registered seed. We buy from someone in our own neighbourhood who has grown from registered seed the year before. In a great many cases I think you will find that what is happening is that people are using better seed but they are not necessarily buying it as registered seed.

Mr. Harkness: I have the figures as to the number of acres inspected. In the last 30 years there has been a marked increase. In 1928 there were 27,445 acres inspected with an estimated yield of just over 1 million bushels. In 1938, ten years later, the figure was 178,000 acres with a little more than 2½ million bushels of cereal. In 1948, ten years later, it was 612,000 acres—these are round figures, of course; I am not giving the hundreds—with over 15 million bushels. In 1958—that was last year—

Mr. Benidickson: About 20 million?

Mr. Harkness: —it was 814,000 acres with a total yield of 25 million bushels. Hence there has been in the 30 years a marked and rapid increase.

Mr. Cardiff: I should like to ask the minister a question as to these inspectors. Do they inspect the standing crop before it is harvested?

Mr. Harkness: Yes, Mr. Chairman. My own experience with this matter when I was growing some registered wheat was that the inspector came out twice. On the second occasion he told me there were a limited

number of weeds in one corner of this field and I had better get them out or he would not be able to pass it.

Mr. Forbes: I wish to thank the minister for introducing this bill at this time. It will remove from the department the issuing of certificates and will place the authority entirely in the hands of the Canadian Seed Growers' Association, where I think it should be. I might say the production of registered seeds in western Canada particularly is a very important business at the present time. The United States in their efforts to maintain as high a quality of wheat as we produce in western Canada are buying large quantities of our seed every year. In fact in the past year we have exported to the United States 3½ million bushels of registered Selkirk seed alone. There is a considerable quantity of registered seed available in western Canada for local growers if they wish to avail themselves of this quality of seed. We find from time to time that countries such as Brazil, Greece and so on require large shipments of wheat, and they prefer to buy it on a protein content and quality basis. It is possible for them to buy this registered seed and get their requirements, which is not possible in buying commercial wheat.

With respect to one or two questions asked by one of the hon. members a moment ago with regard to inspection, may I say this. Your crop is field inspected standing first, and then when your seed is finally processed and cleaned up ready to be sacked and sealed, it is further inspected to assure purchasers that they are getting seed of the quality that has been advertised and which they purchased.

Mr. Harkness: In reply to the hon. member for Dauphin, may I say that the association will issue the certificates. We will inspect, however, and put on the grade and so on.

Mr. McBain: As to the hon. member for Dauphin who has just spoken, I know he is one of the top producers of registered seed. I also happen to be a registered seed grower. I along with other members in this chamber welcome the revision of the seed act.

In connection with the Ontario soil and crop improvement association, may I say that we have sponsored several resolutions over the past few years asking for several changes to be made in the Canada Seeds Act. I wish to compliment the minister this afternoon on the changes that are going to be made, especially on the elimination of certified seed. At times when you have too many grades of seeds the situation comes a bit confusing, as the average purchaser sometimes does not distinguish between certified and registered seed. I am sure that seed growers and the Canadian seed trade will welcome the changes in the Canada Seeds Act.

Clause agreed to.

Clauses 2 and 3 agreed to.

On clause 4—*Regulations.*

Mr. Benidickson: I suppose there would be no point in adding in clause 4 (1) (a) the other association to which the minister made reference in his speech. You would deal only with the Canadian Seed Growers' Association?

Mr. Harkness: The seed sellers' association so far has nothing to do with standards.

Mr. Benidickson: I did not remember the name.

Mr. Harkness: The Canadian Seed Trade Association.

Mr. Martin (Essex East): I should like, if the minister does not mind, to comment on the point made by the hon. member for Kenora-Rainy River with regard to the governor in council having power to make regulations, thereby removing some of the substantive provisions which were previously in existence. It would be interesting to have an explanation about that.

Mr. Harkness: Yes, I would be glad to comment on that. Under the previous act, power to make these regulations was vested in the minister. Now it requires an order in council, so I would think rather than hon. gentlemen opposite looking upon this as a backward move it would be looked upon as a forward one.

Mr. Martin (Essex East): Oh, no; we are not saying that.

Mr. Herridge: With respect to clause 4, which seems to be quite well drafted, I look upon it as a forward move in the application of this bill. But there is one point I want to raise. While these orders in council will be published in the *Gazette*, how do you get this information to the growers themselves within a reasonable time? What channels do you use?

Mr. Harkness: Mr. Chairman, we consult with the seed growers' association before the regulations are sent forward to be passed by order in council. Of course after they are passed we send copies of the order in council to the association, and they are responsible for circulating the information to their own members.

Clause agreed to.

On clause 5—*Administration. Inspectors and analysts.*

Mr. Martin (Essex East): Would the minister explain what subclause 2 means? This is seemingly a very wide power. The inspectors and analysts appointed under clause 5 (1) are to be regarded as being appointed under the provisions of the Civil Service Act, but the minister is empowered in subclause 2 to designate any person as an inspector or analyst for the purpose of the act. Is this appointment for an ad hoc situation, or is the minister at liberty to appoint an inspector for a definite period?

Mr. Harkness: First of all, as far as inspectors are concerned, it sometimes happens that more inspectors are required for a short period than we have on our regular inspection staff. This gives the minister power to appoint an inspector for a short temporary period. As far as the analysts are concerned, most of the analysts' work is done in our own laboratories, but sometimes it is necessary or desirable to have some of this work done in the laboratory of a commercial analyst, and this gives the minister authority to appoint a commercial analyst to do a particular job.

Mr. Herridge: Could the minister tell the house what percentage of these inspectors or analysts are graduate agriculturists or agronomists, and what are the minimum qualifications required of a person appointed ad hoc to either of these positions?

Mr. Harkness: There is a distinction here. The inspectors are all graduates in agriculture. These are the regular inspectors on our plant products division staff. The analysts are not, and what the proportion is I do not know.

Mr. Herridge: Would a temporary inspector be appointed who was not a graduate agronomist or agriculturist?

Mr. Harkness: He might be. We would attempt, of course, to get qualified agriculturists. If we could not get one we might have to appoint someone who was not a graduate agriculturist. These appointments we are now talking about are all purely temporary.

Mr. Benidickson: Mr. Chairman, I had the bill marked for a question on this section similar to that advanced by the hon. member for Essex East. If one looks at the interpretation clause, subclause (c) it indicates that an inspector means a person appointed or designated as an inspector under section 5. That is understandable, but we have two kinds of inspectors. The minister indicates that there would be a necessity to engage a commercial inspector for a short period under certain circumstances. I think the minister should be free in that respect and not be subject to subclause (1) of clause 5, but should that not still be restricted to a temporary hiring? Would the minister not ask one of his colleagues to make that clear in the clause by amendment?

Mr. Harkness: As the hon. member knows, I am not a lawyer and have to depend for the legal interpretation of these things on the law officers of the crown. My understanding was that this was sufficient as it was without having to spell out the fact that they were purely temporary appointments, because subclause 1 says that the inspectors and analysts necessary for the administration, and so forth, shall be appointed under the provisions of the Civil Service Act. In other words, they are regular civil servants. Then subclause 2 says that the minister may designate—not appoint, just designate—a person as an inspector or analyst; in other words, for a purely temporary job. But if a man is a regular inspector or analyst he has to be appointed under the Civil Service Act.

Mr. Benidickson: So the minister's impression is that the civil service, even for temporary work, will actually do the engaging?

Mr. Harkness: I beg your pardon?

Mr. Benidickson: The civil service commission under clause 5 (1) will actually do the hiring for temporary work, but the minister may designate that temporary person and give him the privileges and authority contained in succeeding clauses of the bill, such as clause 6?

Mr. Harkness: That is correct. I might point out that this clause is contained in the act to establish a national standard of agricultural products passed on June 28, 1955. Section 7 of that act, subsections 1 and 2, is exactly the same as these provisions. It says that the minister may designate any person as an inspector or grader for the purpose of that act. In other words, it is standard drafting.

Clause agreed to.

Clause 6 agreed to.

On clause 7—*Seizure.*

Mr. Martin (Essex East): Mr. Chairman, a moment ago the minister said he was not a lawyer, and he may not be in a position to answer this question. As the minister knows, agriculture is a matter that extends to both the federal and provincial governments under the co-ordinated jurisdiction provided in that

field by the British North America Act, sections 91 and 92. But as I look at clause 7, and as I also looked at clause 6, I wonder if the law officers of the crown have given the minister any advice about the extent of the powers which the government, apart altogether from legal limitations, should take.

The inspectors here are given pretty wide powers, to enter property, to make seizures, and do things which normally would be regarded by the courts as coming under the property and civil rights section, which is section 92. Is the minister satisfied from the advice he has been given by the law officers that there could be no doubt about the competence of the federal parliament to take power in connection with a matter which arises out of a section of the British North America Act which gives to both senior levels of jurisdiction the co-ordinated authority but nevertheless touches a restrictive aspect, namely the property and civil rights clause?

Mr. Harkness: The legal officers' advice is that we have this power, and as a matter of fact this is in exactly the same terms as the act to which I have just referred, the Agricultural Products Standards Act, and also the Fertilizers Act, both of which were passed under the government of which the hon. member was a member.

Mr. Herridge: Mr. Chairman, I would like to ask a question, but before doing so I must congratulate the hon. member for Essex East for demonstrating a marvellous and excellent co-operation between the Liberal labour and Liberal farm leanings of the Liberal party. Can the minister tell us the number of violations under the old act last year?

Mr. Harkness: I am informed that there were no prosecutions last year or the year before. During the period between 1930 and 1959 there were 81 prosecutions under the Seeds Act, and in the period from 1949-50 to 1958-59 there were 426 detentions of samples of seeds of various sorts under the act.

Mr. Herridge: That seems an indication of the basic honesty of Canadian seed growers.

Mr. Harkness: It also seems to have improved.

Mr. Henderson: I want some information about selling seeds. In the country I come from, seed salesmen came in from Saskatchewan. They were all over the country, cleaning up $25,000 to $30,000 and they did not deliver the seed. I have been getting letters, and in fact I gave one to the minister to read. One fellow has written me and says he never got redress or his money back. He bought northern grass seed, I think he calls it, and gave a fabulous price for it; now he threatens to go down to Regina and kick the fellow's office to pieces. During the winter this fellow apparently went to Florida. Many farmers have threatened to take action. I wrote to the attorney general but he never answered the letter. Has a prosecution to be carried out by the government there, or do the federal people have anything to do with it?

Mr. Woolliams: I think I can throw some light on that subject. I represent 55,000 farmers in Alberta who are interested in the same thing. This is not a case of any violation under the act. This is a case of breach of contract. The seed was purchased from a legitimate seller but the seller did not fulfil the terms of the contract, and that particular case is now before the Alberta supreme court.

Mr. Harkness: This act deals, of course, with standards of seeds and the registration of seeds, and has nothing to do with ensuring that a farmer who pays money for seed gets the seed. That, of course, is a matter of civil law and comes under the jurisdiction of the province within which the offence, if there is an offence, takes place. I may add that in Alberta there is a seed dealers' act under which matters of this kind could be handled. Whether or not there is one in British Columbia I do not know.

Mr. Benidickson: I am not satisfied with clause 6, but if it has been carried, I will not ask to go back to it.

Clause agreed to.

On clause 8—*Obstruction of Inspector—False Statement.*

Mr. Rapp: Mr. Chairman, I rise to bring the minister's attention to the case of farmers who could not have their fields inspected because, due to a shortage of inspectors, the plant products division could not carry out the inspections. Because of this shortage of inspectors farmers in my area have had to swat their registered crops, suffering heavy losses in consequence. Would it not be possible to have arrangements made under the amended act so that an inspector could always be available when farmers apply for one? Action along these lines would prevent considerable financial losses to the farmers concerned.

Mr. Harkness: Without knowing the exact circumstances of the case I could not say anything definite with regard to that matter, but there is sometimes a delay in western Canada, in that we must have a cut-off date and if people do not ask for the inspection of their crops in sufficient time it is sometimes impossible to inspect the crop before

that date. We run into a certain amount of trouble every year because people delay requesting the inspection until too late.

Clause agreed to.

On clause 9—*Offence.*

Mr. McMillan: Suppose somebody was importing seed from the United States but did not have a label. Would he be subject to prosecution under this clause?

Mr. Harkness: As I understand it, the seed would not be cleared at customs for entry into Canada unless it were labelled.

An hon. Member: I did not catch that.

Mr. Harkness: Unless the seed were properly labelled it would not be cleared through customs. It would not be allowed into the country.

Mr. McMillan: A number of people at the border, for instance, import grass seed, and I have not seen any government label of any kind on this particular grass seed.

Mr. Lennard: Have you ever seen the seed, even? I don't suppose you have even seen the seed.

Mr. Harkness: The seed allowed in has to meet the seed import standards, which are the same as the standards within this country, and it has to be tested to ensure that it does meet those standards. Otherwise it would not be allowed in.

Mr. Benidickson: Inasmuch as this is a bill in substitution for the existing Seeds Act I wish to ask the minister how the penalties under this section compare with the penalties under the Seeds Act.

Mr. Harkness: Perhaps I should read the old section 21 which lays down the penalties under the old act. These are for a first offence, a fine of not less than $5 and not more than $25, and for subsequent offences a fine of not less than $25 and not more than $250. The maximum is now doubled.

Mr. Baldwin: Clause 9 says:

> Every person who, or whose employee or agent, has violated any provision of this act or any regulation made under subsection 4 of section 7 is guilty of an offence—

I was wondering about the case of an employee or agent who had violated any one of the sections without the knowledge of the principal. Would the legal advice given to the minister be to the effect that in such an instance the employer would be liable to be prosecuted and found guilty whether or not he had any knowledge of the violation by his employee or agent?

Mr. Harkness: The situation normally is that an employer is responsible for the actions of his agents or employees in a matter of this kind, but the determination of whether or not he is liable to a penalty would depend upon the judgment of a court in each particular case.

Mr. Martin (Essex East): The hon. member for Peace River has raised an important point. This is punitive legislation, and I am not so sure that it is not criminal legislation. I suppose it is. There is no doubt that a man who is prosecuted under this act, is brought within the mischief of the act, but the mere fact that he is an employee of a "Mr. X" who does not know this, does not mean that this clause is intended to have "Mr. X" found guilty when he knows nothing about it and is not before the court. The hon. member for Peace River is a lawyer and I am sure his legal training has caused him to be concerned about the implications of subclause 2. Has the minister been able to ascertain the implications of this from the law officers of the crown? Certainly on the face of it this looks like a very doubtful provision.

Mr. Harkness: Mr. Chairman, all I can say is that once again this follows the same pattern as the previous legislation, the acts I have mentioned and so forth. Of course the legal training of the hon. member for Essex East will tell him immediately that if the employer can establish the fact that he was innocent he will naturally not be subject to punishment.

Mr. Martin (Essex East): But that is not the way subclause 2 reads; that is the point. I was trying to deal with the point raised by the hon. member for Peace River. Does the minister think that subclause 2, on rereading, is still open to the interpretation to which reference has been made?

Mr. Baldwin: Unless this subclause is construed to be sufficiently positive as to exclude the principle of *mens rea,* I think if any employer who is charged could establish that his agent or employee committed the act without his knowledge he would have a good defence. I would think on reflection this would have to be a little more stringent than it is to create that result.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Certificate of analyst.*

Mr. Herridge: Mr. Chairman, subclause 2 of clause 11 reads:

> (2) In a prosecution for a violation of this act, a document purporting to be the certificate of an analyst shall be received in evidence, without

proof of the signature of the person by whom it purports to be signed and without proof of his official position.

Can the minister explain why proof is not required in both those cases for the protection of the seed grower who would be charged under this bill? It seems rather unusual to me.

Mr. Harkness: I must confess I find myself a little at sea with regard to these legal questions. I am certainly in no position to give the hon. member legal advice, as he is well aware. I am informed that the certificate is intended to present a prima facie case and then the case has to be met.

Mr. Martin (Essex East): It can always be rebutted.

Mr. Harkness: Yes, Mr. Chairman; as the hon. member for Essex East points out, it can always be rebutted. The production of the certificate constitutes a prima facie case and the accused has to rebut that if he can.

Clause agreed to.

Clauses 12 to 14 inclusive agreed to.

Bill reported.

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

Some hon. Members: By leave.

Mr. Harkness moved third reading of the bill.

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

CROP INSURANCE

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCIAL SCHEMES

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the payment of contributions and the making of loans by the Minister of Finance out of the consolidated revenue fund, in respect of the operation of provincial schemes for crop insurance.

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

Mr. Harkness: Mr. Chairman, I propose at this stage to speak rather briefly on the crop insurance proposal, and I shall go into the matter in considerably more detail on second reading, at which time copies of the bill will be in the hands of hon. members and they will thus be in a better position to understand completely what I am talking about.

The demand for all-risk crop insurance, as I am sure all hon. members of the committee are aware, has been quite strong for many years. There has been a great deal of talk about an all-risk crop insurance scheme being put into effect. Many bodies of various kinds and many individuals have examined into the matter both here and in other countries, and various schemes have been put into operation in other countries including the United States.

During the past two years during which I have been in charge of the Department of Agriculture, officials of the department have been studying and assessing the schemes in operation, particularly those in operation immediately to the south of us in the western United States. The officials have also studied the reports which have been made by Canadian commissions, boards, individuals and others who have studied crop insurance and made recommendations in connection therewith. There is a considerable mass of material in connection with this matter. Unfortunately, however, when one comes to examine it there are very few what you might call definite recommendations which have been made by the various bodies that have investigated crop insurance.

I should like to point out that our constitutional set-up places property and civil rights under the provinces and that this would constitute a bar to a wholly federal crop insurance scheme. Of course that problem might be overcome by getting the consent of the provinces to such a scheme. However, without that consent—and we have no means of knowing whether or not it could be obtained—a wholly federal crop insurance scheme could not be put into operation. In addition, the studies carried on in connection with crop insurance indicate that conditions vary so greatly from province to province that a scheme which would work well and be practical in one province would not work at all in another province.

We have come to the conclusion that the only practical means of dealing with crop insurance is to employ the same principle that has been used in making construction grants for hospitals and in the hospital insurance scheme. In other words, it would be necessary for the dominion government to lay down certain minimum requirements. If these minimum requirements were met by a scheme set up by the provincial authorities the federal government could then make certain grants and loans.

I shall briefly outline what these grants and loans are proposed to be. The crop insurance bill which will be brought in following this resolution will authorize the Minister of Agriculture, with the approval of the governor in council, to enter into agreements with the provinces to provide for the payment by Canada to the provinces in respect

of costs incurred by the provinces in the operation of crop insurance schemes. It will also provide for making loans to provinces for the operation of such insurance schemes. The contributions and loans are:

(1) Payment by Canada of 50 per cent of the administration costs of any scheme set up by a province.

(2) Payment by Canada of 20 per cent of the premiums charged.

(3) Loans to provinces in the amount of 75 per cent of the amount required to meet indemnity commitments less $200,000. In other words, if the indemnity commitment—

Mr. Martin (Essex East): Would you mind repeating that.

Mr. Harkness: I will repeat it in this way. If the indemnity commitment in the first year that the insurance scheme was in operation was greater than the amount of the premiums which had been collected—which could very readily be the case, as the hon. member who is familiar with insurance matters knows—then, if that shortage in the insurance fund was not more than $200,000 the province would not be entitled to a loan, because it was considered that any province is in a position without endangering its financial situation to meet demands of $200,000. But if the shortage is in excess of $200,000, then the province is entitled to secure a loan from the dominion government up to 75 per cent of the amount of the shortage. The purpose of this provision is to place provinces in the situation where, if they happen to meet a very bad crop year, particularly in the first two years of operation of the scheme before the fund had been built up, they would not be financially embarrassed as a result.

One of the chief objections which has been raised in some of the provinces to a crop insurance scheme is this very matter, that if they did meet a bad year, or particularly two bad years, in the early years in which the scheme was in operation it would cripple the provinces financially and make their entire financing very difficult if not impossible. That is the reason for this loan provision.

Mr. McMillan: Would that be $200,000 for each province?

Mr. Harkness: No.

Mr. McMillan: You said "for a province".

Mr. Harkness: The scheme which is entered into with each province really would be a separate scheme. We will make an agreement with each province in regard to the scheme of insurance which they set up and if they have a loss which is more than $200,000 more than the amount that they have in the kitty, we will say, then they are entitled to secure a loan of 75 per cent of that amount from the dominion government.

Mr. McMillan: That is for each province?

Mr. Harkness: Yes, certainly.

The financial assistance which it is proposed to provide will be available on condition that the crop insurance schemes are actuarially sound. In other words, this is designed to be an insurance scheme and not any type of what you might call a relief scheme such as we have had under the Prairie Farm Assistance Act.

Many people have looked upon prairie farm assistance as an insurance scheme. It was distinctly stated at the time it was brought in that it was not an insurance scheme and that point has been made constantly ever since. It was really a drought relief scheme and it continues basically to be that. This scheme is to set up an actual insurance scheme and one which will be actuarially sound but one to which of course the dominion government will assist in the cost and financing through paying 50 per cent of the administration costs and 20 per cent of the premium costs.

I was saying that this assistance will be available on condition that the crop insurance scheme is actuarially sound; that is, that it is a scheme which on statistical information or evidence would mean that sufficient money would be collected over a long period of years to pay the indemnities which would have to be met; and next, that a minimum number or proportion of farmers come into the scheme. In other words, you cannot put in an insurance scheme in which you take in only the very poor risks.

Mr. Martin (Essex East): There is no compulsion.

Mr. Harkness: No; so far as our proposal is concerned there is no compulsion. The purpose here is to make this scheme as flexible as possible so that each province will be in as favourable a position as possible to set up a scheme which will be adapted to its own conditions. Owing to the fact that I mentioned earlier, namely that conditions do vary so much in Canada, it is impossible to lay down hard and fast conditions covering every crop which is grown in every part of Canada. Therefore, you must leave it up to the provinces to determine what crops they wish to cover and what the contributions are going to be in connection with those particular crops.

But as far as we are concerned, we will not pay the grant to the provinces unless, as I said, first, it is an actuarially sound scheme; and, second, that the minimum number or

proportionate number of farmers come under the scheme. What we have in mind at the present time is 25 per cent of the farmers or of the acreage in whatever the insurance unit is. In some cases the insurance unit may well be a township; in other cases it may be a municipality. That will be up to the province but it must be a sufficiently small unit so that the long term average yield in that unit is much the same throughout. In other words, it would be inequitable for the farmers and the governments concerned to try to have the same premium rate, for example, in all parts of western Canada in a scheme of that sort. It would not work; it would not be practicable. Therefore, we have to have some area which will be called an insurance unit, as I say, it may be a township, it may be a municipality, in which the rate will be the same. In that unit one of the requirements will be that 25 per cent of the farmers or 25 per cent of the acreage must be covered before we will contribute in order to prevent the scheme being put in a position which is not actuarially sound.

Mr. Argue: Can the minister say whether in any given province there must be a minimum number of units that come under the act?

Mr. Harkness: No. As far as the act is drawn a province could have one unit.

Mr. Martin (Essex East): Will the minister permit a question?

Mr. Harkness: I wonder whether I might just finish these things because we seem to be going down various tracks.

Mr. Martin (Essex East): I just want to understand what the minister said. He said that 25 per cent of the farmers within a unit must subscribe to the scheme and the premium must be the same. Does that mean the premium in the unit or the premium in the whole province?

Mr. Harkness: This is one of the reasons that you must have these insurance units, you might say, so that you could have a difference in premium from one part of the province to another.

Mr. Martin (Essex East): That is what I wanted to know.

Mr. Harkness: We have covered two of these conditions which must be met for financial assistance to be available. The third is that they be insured up to but not exceeding 60 per cent of the long term average yield in the area. In other words, our 20 per cent of the premiums will cover only 20 per cent of the cost of insuring the crop up to 60 per cent of the long term average yield.

Mr. Benidickson: Is it 60 per cent the cash investment of the crop loss that my hon. friend has in mind?

Mr. Harkness: Now the hon. member is getting into the details which I think we should deal with in committee of the whole after second reading. There are an infinite number of details really which could be brought up and dealt with. At this stage I think it is desirable really just for the committee to consider the general principles of the scheme which I have just attempted to outline and not get into these very numerous details which could be brought up and which could be discussed, and many of which I expect will be. I do not want to give the hon. member and the committee the idea that I am trying to avoid any questions, but at this stage I do not think it is desirable to go into this because we could keep on actually for days on these numerous small points.

There is one other point that I should like to make, namely that farmers will not be eligible for both crop insurance and prairie farm assistance.

Mr. Argue: Oh!

Mr. Harkness: The Prairie Farm Assistance Act will continue in effect but a farmer who is insured will not be eligible for the insurance and for prairie farm assistance both. In other words, we would consider that the contribution made by the federal taxpayer toward the cost of crop insurance is one thing and the contribution made by the federal taxpayer for the cost of prairie farm assistance is another thing, and that the same farmers should not be eligible to receive both of these at the same time.

Mr. Argue: You borrowed that from the Minister of Finance's budget.

Mr. Harkness: At the same time, the farmer who comes in under the crop insurance scheme will not be required to pay the 1 per cent levy for Prairie Farm Assistance Act payments. In other words, he will neither pay into the Prairie Farm Assistance Act fund or will he be eligible to take money out.

Mr. Benidickson: Mr. Chairman, the Minister of Agriculture indicated that we had before us a very complex subject which has had the attention of several royal commissions certainly in the western prairie provinces and perhaps elsewhere. As the minister indicated, we now have some experience to guide us because since approximately 1939 there has been a federal crop insurance scheme in the United States which has been revised on at least two occasions since then.

I believed, after reading the resolution in the broad general terms as it appeared on the order paper, that this would be the position we would be in. We had here the barest bones without any indication of the meat that might be provided in the bill. But having listened to the minister I am convinced we will find that there is going to be a great deal of vagueness and inadequacy in the bill because from the few remarks he has made it would appear there are so many provisos that I rather question whether very many of the provinces are likely to co-operate with the minister on something as nebulous as he has outlined to the committee at this time.

The minister indicated today that he had had a certain number of representations urging crop insurance, as many of us have, but from which provinces has the minister had anything officially in the nature of an enthusiastic indication of interest in connection with the kind of scheme he has outlined in the barest form to the committee this afternoon? We will reserve our detailed examination and comment until we see the bill, but our fear, enforced by what the minister has said, is that this measure really is window dressing and that we are likely to be faced with something which will be just an empty dummy shell. The bill may prove otherwise but no encouragement in that direction comes from the remarks just made by the minister.

One of the strongest supports for that assertion on my part is the statement of the minister that no farmer will be eligible for both P.F.A.A. and the new scheme of federal-provincial crop insurance. This seems to be entirely inconsistent with the minister's earlier assertion in his short speech that P.F.A.A., as the royal commissions also indicated, is not and was not intended to be crop insurance. The minister will be well aware that the recent commissions in 1955 and 1956 under the authority of the provinces of Manitoba and Saskatchewan both felt that a proper crop insurance scheme should at least be complementary to P.F.A.A. What we fear, and we will retain our fears until we see some reason in the substance of the bill for changing them, is that the minister is really asking the house for a blank cheque with regard to something that was talked about in the recent election campaigns.

The minister has been in office for two years and has had at least an annual conference with the ministers of agriculture of the provinces. Which provinces have indicated that they would be interested in a scheme with the backdoor provisos such as he has enunciated? Was it the expectation of the government in introducing this resolution that it would likely have some national application in the near future? I find that the only reported reference to crop insurance made by the Prime Minister in the 1957 election campaign which I have been able to discover was in a speech he made at Brantford on May 9, 1957. He enunciated his agricultural policy at that meeting and is reported by the Brantford *Expositor* as having said that he would develop "a more realistic crop insurance plan for drought, flood and hail in co-operation with the prairie provinces". I note that the resolution does not contemplate any restriction so far as the provinces are concerned, but from what provinces other than the prairie provinces, has there been any indication as a result of the two annual federal-provincial conferences held under the minister's regime that what he indicates will be offered in the bill is likely to obtain very early acceptance?

He indicated that there must be a minimum number of participants. I believe that was a recommendation of the Saskatchewan commission which made its report in December, 1956. They felt that they could criticize the undue voluntary content of the United States plan. The Manitoba commission pointed out that actually only 7.6 per cent of farmers in the United States are carrying some kind of crop insurance under the voluntary scheme and that in 1955 only 2.66 per cent, in terms of dollar value of crops, were insured under, as the commission reported, the excessively voluntary scheme there.

This seems to be a very far cry from the type of thing we heard from the minister last year and, indeed, from the Prime Minister. I recall that on August 30 last year the Prime Minister uttered ringing words about the possibilities there might be in this kind of scheme. He referred to providing a comprehensive crop insurance plan. In his remarks this afternoon the minister referred to an all-risk insurance plan but he indicated definitely that it might not apply in certain provinces in a general way and might apply only to one particular crop.

Mr. Harkness: That is entirely up to the province.

Mr. Benidickson: In addition, the evidence before both the Manitoba and Saskatchewan commissions was such that neither was prepared to recommend to their governments that something of this kind be undertaken without federal participation in much more than half of the cost of administration, or greater participation on the part of the federal government than the Minister of Agriculture has indicated that he is prepared to recommend. In other words, the catastrophic losses that the commissions indicated were possible and which both commissions

said were beyond the financial capabilities of a provincial government would be met under the minister's scheme simply by loans, not by contributions. That I do not think is likely, having regard to the commission reports, to commend itself for early acceptance by the provincial administrations unless the bill has in it something different from what the minister has outlined.

Mr. Argue: I should be greatly interested to learn from the minister to what extent provincial governments have shown interest in the type of legislation he has presented to the House of Commons this afternoon. I have taken a great deal of interest in the subject of crop insurance and the subject of the Prairie Farm Assistance Act in the past and I have always said that the Prairie Farm Assistance Act should be expanded and extended to specific crop areas outside the prairies in order to provide for agriculture, where crops face serious hazards, the same kind of protection as the people on the prairies have enjoyed under this scheme now for twenty years.

I have no knowledge of whether the Minister of Agriculture has consulted with all or a majority of the provinces but I would consider that this would be an essential requirement before bringing in such a bill. The minister has said that the federal government has not the jurisdiction to go into a scheme of crop insurance as has been presented here or as has been forecast here this afternoon. But the federal government undoubtedly has had sufficient jurisdiction to provide a scheme like the Prairie Farm Assistance Act which covers farming within a certain area. In other words, the federal government has had ample jurisdiction over a period of twenty years to have established and implemented a system of payments for crop failure to producers in time of loss. The announcement in this legislation, even though it may be extended to other provinces, shows that it is a restricted type of insurance. In addition to that, it will require substantial contributions from the provincial governments themselves. In other words, this is really a retreat in jurisdiction. Yet the minister says that in this retreat the government could bring in a proposition which would contribute only to provincial schemes.

In bringing in legislation such as that which the minister has forecast, I would think he would have had many conferences with the provinces, that he would have consulted each and every one of the ten provinces, and that before he would bring in a scheme such as this one he would have substantial support from the provincial governments that must embark on this scheme and must provide for premiums to be paid into the plan. Other than that, unless this kind of consultation has been held, this would appear to me on the surface to be something of an invasion of provincial jurisdiction, although in a subtle way. By this legislation the government is saying that it will pay into provincial schemes if they are proceeded with. By providing exactly the same conditions, so the minister says, for each province, it means that those provinces requiring the assistance most—those provinces and those producers—will be obliged to pay the highest premiums.

In bringing in this legislation the minister has had the advantage of the various royal commissions and the various studies that have been made in the past on this proposition. The Saskatchewan royal commission has made far different recommendations from the ones contained in this bill. As a matter of fact, it merely advocated that an experimental and restricted type of crop insurance might be undertaken with the federal government meeting almost all of the costs and with the provincial government being restricted to certain administration costs and acting in an advisory capacity.

One of the earliest studies in the field of crop insurance was made by Mr. R. E. Motherwell, who was a grandson of a former minister of agriculture, a graduate of the Saskatchewan university and executive assistant for some time to Right Hon. J. G. Gardiner, a former minister of agriculture. In the past I have paid many tributes in the House of Commons to Mr. Motherwell's work, particularly with regard to the study of crop insurance that he made back in 1944. I say again today, as I have said on many occasions in the past, that this was an excellent study, that it was a comprehensive study and that in general I agree with his conclusions, namely that the type of crop insurance scheme that had prevailed in the United States was not one which could be made applicable to western Canada with full benefits to all producers but rather in Canada—and I speak particularly with regard to the prairies—we should endeavour to expand and improve the Prairie Farm Assistance Act.

In the province of Manitoba a royal commission was set up to study crop insurance and among other conclusions they had this to say:

> (1) That the 1 per cent levy now paid by Manitoba farmers to P.F.A.A. would be "quite inadequate to provide any form of all-risk crop insurance"; that, indeed, it was probably insufficient to cover P.F.A.A. payments over the long run.

The reason for that reference is the fact that in Manitoba the producers by their 1 per

cent paid in slightly more than they have received under the act, since the act became effective in 1939.

Mr. Martin (Essex East): And they said also that it would be inadequate to provide any kind of risk insurance.

Mr. Argue: Yes. They said further:

(2) That the yearly potential risk of loss in a crop insurance scheme, unless distributed over a wide geographic area, could be enormous even in period of relatively good yields.

(3) That, although it may have appeared reasonable at the time, the earlier recommendation for crop insurance in Manitoba "cannot be successfully applied . . . under today's farming conditions."

Mr. Harkness: What date was that?

Mr. Argue: September, 1955. As I said earlier, Mr. Chairman, I do not know, of course, whether the minister has consulted with the provinces about this legislation. If provinces other than the prairie provinces believe that this type of legislation will meet their needs, I think the legislation will be helpful to that extent. But as I see the situation, as an alternative to the type of insurance or the type of protection that we may have under the Prairie Farm Assistance Act, and particularly under an expanded and improved Prairie Farm Assistance Act, this legislation is most inadequate.

We have had the Prairie Farm Assistance Act in operation now for almost twenty years and it has a great many things to recommend it. One of the most important things to recommend the Prairie Farm Assistance Act in the three prairie provinces which it covers and in the section of British Columbia which it also covers is that within this area every single producer is protected. It covers everyone in the grain-producing area. Everyone who is covered in that area and who sells grain pays a small levy of 1 per cent. This means that not only is everybody covered but that, to make a general statement, there may be a few exceptions, such as people who raise livestock only and feed all their grain—everybody contributes by a 1 per cent levy on the grain that is marketed.

This, I think, has a tremendous advantage over a scheme that will not cover everyone within the provinces, and I do not think the Minister of Agriculture himself, who is introducing this legislation, is going to make any such claim. The United States has had a scheme in operation for some time. The administration costs of their scheme are borne by the United States government. The administration costs of the Canadian Prairie Farm Assistance Act are borne by the Canadian government. The administration costs of a United States crop insurance plan is equal to 25 per cent of the indemnities which are paid out. The cost of administration, compared with the cost of administration of the Prairie Farm Assistance Act, is excessive and shows that from an administrative point of view crop insurance is much less efficient than the prairie farm assistance. I think the administration costs of the Prairie Farm Assistance Act run to half a million dollars a year, or a little more, depending, of course, on the benefits which are paid out. The minister can give us the correct percentage, but I would estimate that our administrative costs are less than one-quarter of the administrative costs of the United States under a crop insurance plan.

In comparing, of course, the benefits which are paid out one would not expect that the Canadian benefits paid out under the Prairie Farm Assistance Act would anywhere near equal the indemnities which are paid out under the United States crop insurance plan applied, as it can be, to the whole of the United States. One would not expect either that these payments would be anywhere near comparable to payments in the United States because their coverage does equal 60 per cent of the yields, and because, of course, their wheat acreage, while it varies as ours varies, is in the neighbourhood of 70 million acres, whereas our wheat acreage is more in the neighbourhood of 20 million acres.

After the United States had changed the type of scheme they were using to some extent, between the years 1948 and 1954, the indemnities paid to producers in the United States amounted to $136 million. Canada, with a scheme not paying benefits at the same high rate, and restricted to a smaller agricultural area and a much smaller acreage, nevertheless paid benefits, which I think are rather startling in comparison with the $136 million of the United States, of some $90 million. We have had a long experience under prairie farm assistance. I have no hesitation whatsoever in saying that it has been a good act and today it is a good act, and I see nothing in the legislation which is presented to the house today which would influence me to substitute the kind of legislation that is being forecast for the kind of legislation that we have had, more particularly if that legislation is improved as it needs to be from time to time.

Mr. Benidickson: You cannot have both.

Mr. Argue: The minister said we cannot have both. There is sad news in the announcement that he makes, because it means for the farmers in the high risk areas, the farmers whose crops are subject to crop failure most often, that they will be able to get very little benefit from the general type of legislation that the minister has introduced. They

will be very hesitant to insure, and I am sure very resentful, to be told that in order to insure their crops under one act they must withdraw from another act. It would be just as ridiculous to tell the farmers on the prairies, "If you take out hail insurance and there is a widespread crop failure because of hail, we will not pay you prairie farm assistance."

That used to be the thinking, but after some criticism and some changes in the act the government discarded what was at that time a very bad feature. Coverage on the prairies under the Prairie Farm Assistance Act in general is 100 per cent. At one time farmers could not be covered if they had another business or another occupation. The present Minister of Agriculture introduced amendments which allowed farmers who have some other income to qualify for prairie farm assistance; so in general there is full coverage. In the United States the coverage under their scheme is not nearly as great as it is in our country. As a matter of fact, under their scheme the percentage of participation in 1948 was 37 per cent; in 1949, 21 per cent; in 1950, 21 per cent; in 1951, 23 per cent; in 1952, and the most recent figure, 29 per cent in 1953.

Mr. Benidickson: Grain only.

Mr. Argue: That is wheat only.

Mr. Benidickson: Yes, wheat only.

Mr. Argue: For multiple crops, in general the percentage premium is relatively the same, if anything slightly less. Even in the state of Montana and the state of North Dakota, in any high risk area of those states coverage is as little as one-third. The premiums of course of the crop insurance plan in the United States vary. The premiums under this plan will vary; but the premiums in the United States in the general grain growing areas vary to a large extent, from around 8 per cent up to 16 per cent in the higher risk areas. We have a system of crop failure protection now under the prairie farm assistance scheme which gives to a farmer who has an ordinary sized farm in times of total crop failure payments of $4 an acre up to a maximum of 200 acres.

The farmer gets these payments for having paid a 1 per cent levy. To qualify for a levy under crop insurance in the state of Montana or the state of North Dakota, states which come up to the borders of our prairie provinces, the farmer has to pay rates of 8 per cent, 10 per cent, on up to 16 per cent. So no matter how one looks at the proposal which is put before us it is a very expensive proposal as far as the producers are concerned.

If the government intends that the provinces themselves from their own treasuries should supplement payments which are made, then this will be very expensive legislation for the provinces. If this government has in mind asking provincial governments to subsidize this scheme, then they would need to have long prior consultations and go into detail as to the administration of the legislation which is forecast, and they would have to endeavour to seek approval from the governments concerned.

The Prairie Farm Assistance Act has provided payments to producers since 1939 up to the end of 1957 to a total of $204 million. The federal contribution to this scheme has been about half of that amount. Of course, as far as the provinces are concerned, they have paid in different amounts and have received varying benefits. The province of Manitoba in the history of the Prairie Farm Assistance Act has paid in approximately $16 million and has received in benefits approximately $14 million. So Manitoba is the one province which has paid in slightly more than her producers have received by a way of benefit. Saskatchewan has received benefits amounting to $139 million in round figures and Saskatchewan producers have paid in $69 million, so we have received from this plan $1 from the federal treasury for each dollar paid by the producers. The province of Alberta has done approximately the same, having received benefits from the act of $50 million and having paid in about $30 million. Of course, the reason why Saskatchewan and Alberta, have received more by way of benefits than has been collected by the 1 per cent levy is because these are high risk areas, because these are the provinces which have experienced widespread crop failures and emergencies in past years, situations which have been considered to be national emergencies and in which the federal government has come to the assistance of the provinces.

In advancing reasons why the Prairie Farm Assistance Act was enacted in the first place and why it has been maintained ever since, and giving reasons why the amendments which were introduced from time to time were designed in general to extend the scope of the act, the former minister of agriculture used to explain that the federal government had a national responsibility since within the Palliser triangle, the high risk area of the prairie provinces, it was national policy which led to that area being settled in the first place. It is true that in consequence of this policy great wealth was produced in that area but it was also in consequence of that policy, and because this is a high risk area, that people within that region suffer great

hardship from time to time. The former minister of agriculture advanced the action taken by the federal government and by federal governments in the past as the reason why it must now accept responsibility in times of widespread crop failure.

As far as the prairie provinces are concerned, particularly in the light of the clause in the bill which says that if a producer wishes to obtain benefits under this measure he can no longer obtain benefits under the Prairie Farm Assistance Act, this bill beyond question is a retrograde step. I am concerned about whether or not this legislation has been brought in after consultation with the provinces and, in particular, whether it has been brought into this house after consultation and approval with and by the prairie provinces where the Prairie Farm Assistance Act now applies.

Inasmuch as this legislation may be valuable to the provinces generally, we are, of course, glad to see it introduced, but in so far as it may place additional financial burdens either on producers or provincial treasuries while the federal government at the same time is prepared to withdraw the benefits of the Prairie Farm Assistance Act, we think it is a retrograde step.

I make one further suggestion, and I do so in the hope that the government and the minister will accept it, namely that this legislation should be referred to the standing committee on agriculture and colonization. Let us have before that committee spokesmen for the leading farm organizations of this country to speak for the producers. Let us have before that committee representatives of the provincial governments and provincial departments of agriculture to tell us how this proposed legislation may apply within their provinces. This, undoubtedly, is a step which should only be taken after there has been the greatest degree of consultation, and I suggest that since there are features in this bill to which I am certain provincial governments will object and to which I am certain producers will object, I feel that the government is bound, if it wishes the best possible legislation, to accept my suggestion and have this bill referred to the committee on agriculture for further study.

(Translation):

Mr. Pigeon: Mr. Chairman, a crop insurance act has been in force in the United States for about twenty years. It has been and still is of great service to farmers. In my opinion, crop insurance legislation will help, in the first place to stabilize farm economy; in the second place it will encourage farmers and their sons to stay on the land and, third, it will promote agricultural prosperity.

And while this legislation will be of benefit to all farmers, it will be particularly so to growers of special crops.

As everyone knows, the federal constituency of Joliette-l'Assomption-Montcalm is the heart of pipe, cigar and cigarette tobacco production. In the past, many tobacco growers have faced disaster and lost much money because all of a sudden frost, hail or drought completely destroyed their work and ambitions.

Tobacco growers can of course insure with private insurance companies, but rates are so high that it is practically impossible for a grower to buy coverage for his entire crop. That is why I hope this bill will include protection against various risks such as hail, drought and frost, as well as many others.

In the past, many farmers, not only in Quebec but in Ontario and in other provinces, have had their whole crops ruined by calamities such as hail, drought and frost. Crop insurance legislation will therefore mean increased prosperity for agriculture and will give better protection for special crops.

For my part, I am in favour of this bill.

(Text):

Mr. Harkness: I think I should take this immediate opportunity of replying to some of the questions which were raised by the hon. members representing Kenora-Rainy River and Assiniboia and also of clearing up some of the misconceptions which have been disseminated as a result of the statements made.

First, the hon. member for Kenora-Rainy River wanted to know what provinces had shown an interest in this matter. I have now, I think, had four meetings with the ministers and deputy ministers of agriculture of the various provinces since I became minister for the dominion, and this question of crop insurance was brought up at each of those meetings as far as I recall, and there was some discussion on it. As one would expect, the provinces which displayed most interest in it were the three prairies provinces which were all interested in a system of crop insurance and in instituting such a system at the earliest possible time. There was also some interest on the part of British Columbia, particularly as far as the fruit growing areas of that province are concerned. In Ontario there was also some interest as far as fruit, tobacco and certain other crops are concerned. The same

thing applies in Quebec. In the maritimes there was little interest in a system of crop insurance. The ministers from those areas pointed out that they are not subject to crop failure very frequently. Because crop failures are infrequent in the maritime provinces they did not think the provincial governments or the farmers in those areas would be interested in a system of crop insurance. However, they were quite prepared to look at whatever scheme was produced before going any further than to say that this would probably be the reaction in those provinces.

The hon. member for Kenora-Rainy River also made the statement that this measure was mere window dressing. This is anything but window dressing. This system of crop insurance is actually a generous scheme, considerably more generous than the schemes in effect in the United States. It is a scheme which carries with it very heavy contingent liabilities so far as the dominion government is concerned.

Mr. Benidickson: The federal government in the United States pays the whole administration costs.

Mr. Harkness: There have been several different schemes in the United States and there are several in existence now. As I understand it in some cases the administration cost is paid by the farmers' co-operative which runs the scheme, collects the premiums and so forth.

Mr. Martin (Essex East): I do not believe they have P.F.A.A.

Mr. Harkness: Any particular scheme in operation there at any particular time would have to be compared with this in order to achieve a valid comparison. However, the main point I am making is that this is a very generous scheme. We are offering to pay 50 per cent of the cost of the administration of this scheme set up in any province and 20 per cent of the premium cost. The total of these two would mean we would be paying somewhere between 25 and 30 per cent of the cost of the insurance scheme in any particular province. Therefore it is roughly equivalent to the cost to the federal treasury of engaging in the unemployment insurance scheme where we have contributions made by the employer, the employee and the dominion government with the dominion government in that case paying all of the administration costs. If you take the total cost of the scheme you see that the dominion government would be paying somewhere between 25 and 30 per cent of the cost of insurance in any province. I believe that is correct, but my colleague the Minister of Labour can correct me if I am wrong.

Mr. Starr: When you consider the administration costs it is more than that.

Mr. Harkness: I think it runs somewhere in that neighbourhood. As far as the cost of this scheme is concerned I believe it will be roughly parallel as far as the contribution of the dominion government and the Canadian taxpayer is concerned. We will be paying an amount in excess of 25 per cent of the cost of this scheme. As I say, it will involve really heavy contingent liability so far as the dominion treasury is concerned.

For example, if all the wheat in western Canada were insured the annual cost for administration and premiums would be in the neighbourhood of $11 million on the basis of the premium rates which the Saskatchewan royal commission spoke about. Our contribution, of course, would depend on the premium rates because we propose to pay 20 per cent of the premium.

Mr. Argue: You will never get farmers generally into this one.

Mr. Harkness: Any estimates made in this connection would of necessity be rough estimates because we have no actual experience to go on except the experience of the various schemes in the United States. That is the only country where we can find anything approaching comparable conditions and where the experience is likely to be at all comparable. In any event, as I say, the contingent cost to the dominion treasury will be considerable. Rather than the scheme being mere window dressing as was suggested by the hon. member for Kenora-Rainy River it will mean a commitment on the part of the dominion government to make very substantial payments.

The hon. member for Kenora-Rainy River also asked why the Prairie Farm Assistance Act should be ruled out. If a man has his crop insured under this scheme he will be getting a considerable return if he loses his crop and therefore he does not need P.F.A.A. payments. Hon. members must bear in mind that P.F.A.A. payments are a form of drought relief. This has been extended to loss of crops from other causes but it is not an insurance scheme. It is essentially a relief scheme. If a farmer receives payment under the crop insurance scheme to which the dominion government has made a very considerable contribution there seems to be no good reason why he should also receive a form of relief under P.F.A.A. to which the federal government also makes a substantial contribution.

The hon. member for Assiniboia throughout the course of his speech appeared to be saying, "I am opposed to crop insurance."

Mr. Argue: That is not true.

Mr. Harkness: The hon. gentleman does not want a crop insurance scheme at all. What he wants is an expanded relief scheme. Every argument he advanced was an argument against crop insurance. Everyone knows that if an insurance scheme is to be worthy of that name it has to be on an actuarial basis. The hon. member does not want an insurance scheme on an actuarial basis. He wants an expanded relief scheme. That is what his whole argument amounted to, in effect. Most of his speech was devoted to a discussion of P.F.A.A. It is perfectly all right for the hon. member to talk about that if he wishes but it must be borne in mind that we are discussing a crop insurance scheme and not P.F.A.A. which is essentially a form of drought relief.

Mr. Argue: This scheme is designed to get rid of P.F.A.A.

Mr. Harkness: This is an insurance scheme and P.F.A.A. is not. The hon. member did not talk about crop insurance at all but spoke about P.F.A.A. and the need for increasing payments under it and expanding its provisions.

Whether or not he deliberately sought to do so the hon. member also conveyed the impression that P.F.A.A. was being abolished. In my opening remarks I made it very clear that P.F.A.A. is not being done away with and that any farmer in western Canada who does not come under the crop insurance scheme will still be eligible for P.F.A.A. He will pay the 1 per cent levy on the grain he delivers whereas if he comes under the insurance scheme he will not be required to pay that levy but he will also not be eligible to collect P.F.A.A. benefits.

It is well known, of course, that the hon. member for Assiniboia always wants everything both ways. He wants greatly expanded schemes of pushing out federal government money whether or not it is required, whether or not it is asked for and whether or not it is desirable. His position is always one in which he says, "You should have done more." It does not matter what government has been in power in Ottawa or in any of the provinces with the exception of Saskatchewan, the position taken by the hon. member for Assiniboia is always that the government has not done one-half enough, one-tenth enough, and so on. Nothing that is done by any government is ever enough in the view of that hon. gentleman.

Mr. Argue: Boy, how you have changed. You have been reading Jimmy Gardiners' speeches.

Mr. Harkness: The hon. gentleman likes to make these rude, loud-voiced interruptions which mean nothing.

[Mr. Argue.]

Mr. Argue: Read on.

Mr. Harkness: The hon. gentleman went on to say that this is a restricted type of insurance. There is nothing restricted about it. Any province can insure any type of crop at all. There is no limit or restriction placed on what a province does in regard to the crops it desires to insure under its insurance scheme. He went on to say that this scheme will require substantial payments by the provinces. I made it clear that the proposed act was designed to be as flexible as possible. Nothing in the legislation will require a province to pay one nickel toward a crop insurance scheme if it does not wish to do so. The province can charge the entire 50 per cent of the administration costs or the entire 80 per cent of the premium costs, neither of which the dominion government pays, to the farmer and the province does not have to spend a nickel on this scheme if it does not wish to do so. On the other hand if the province does wish to do so it can put in what it likes. There is no requirement for the provinces to spend substantial sums of money on this scheme as the hon. member suggested and on the contrary there is complete flexibility in that regard.

After making a peculiar argument to the effect that if we tried to put into effect a federal crop insurance scheme which was entirely under federal administration and control we would not really be in any conflict with the provinces' control over property rights and so forth—

Mr. Argue: It has already been done.

Mr. Harkness: —the hon. member went on to argue against himself and said that this scheme was an invasion of provincial jurisdiction. He said putting into effect a scheme of this kind would represent an invasion of provincial jurisdiction. This is no more an invasion of provincial jurisdiction than any grants made to a province which it can take or not as it wishes or earn or not as it wishes. As I indicated in speaking before, in the hospital grants, the contributions for hospital construction and so forth, the principle is exactly the same as in this proposed legislation.

The hon. member also went on to compare the administration costs of the United States crop insurance with prairie farm assistance. He said that the administration costs of prairie farm assistance were much less than in the United States crop insurance scheme. Certainly, they are much less because in that crop insurance scheme and in this crop insurance scheme the thing is going to be done on an individual farm basis.

The hon. member for Assiniboia has been standing up in this house to my knowledge for the last 10 years saying that prairie farm assistance should be paid on an individual farm basis. If it were paid on an individual farm basis, then the administration costs of it would be very greatly increased also.

I think these are the main complaints that were made and I hope, Mr. Chairman, I have been able to demonstrate that they have no validity. I think the hon. member for Assiniboia and the hon. member for Kenora-Rainy River who expressed some doubts as to the provinces' acceptance of this scheme will find that the scheme will be quite well accepted, particularly after it has been in operation for a year or so and the provinces have had an opportunity to see how it works.

Mr. Benidickson: How can it be accepted after operation for a year or so?

(Translation):

Mr. Racine: Mr. Chairman, I have a few comments to make in connection with this resolution respecting crop insurance. However, I have no intention of dealing with the resolution in all its details and my remarks will be brief.

When my colleague from Drummond-Arthabaska (Mr. Boulanger) took part in the debate on the Prairie Farm Assistance Act, he asked that the legislation be extended to eastern farmers. All the more so should this new supplementary legislation on crop insurance.

In January 1958, the Minister of Agriculture (Mr. Harkness) made a statement before the Canadian Agricultural Federation in Montreal —it is true that the minister was speaking on the P.F.A.A. at the time; but he nevertheless explained how difficult it would be to collect contributions if ever such assistance scheme were established in Quebec. To that effect, I shall refer to an article published in a Quebec paper, i.e. *L'Action Catholique* of July 23, 1958, which contains the following paragraph:

In this regard Minister Harkness answered that a crop insurance system was still being considered, but that considerable difficulties were involved in the scheme. —"Ever since I have been a minister," Mr. Harkness said, "I have repeated that the greatest single step toward improved farming conditions in Canada, would be the introduction of a crop insurance system. Studies are going on and I hope to be able to introduce such legislation before long."

And a little further on, the minister added:

"I may say that the result of this meeting has been to complicate matters even more, because a certain number of provinces did not show any interest in a crop insurance scheme. Some were interested, others less so and still others not at all."

I cannot disagree with the minister's statement, and I recognize that the situation is rather complicated. But since he has decided to introduce this legislation, I hope it has been thoroughly considered and that it will prove practicable with regard to all parts of this country, bar none.

As evidenced by the article I have just referred to, and following his meeting with the provincial ministers of Agriculture, the minister stated that some provinces were interested, others less so and still others not a bit.

It seems to me that the bill about to be introduced should be worded so that all provinces might benefit from it, according to climate and crop hazards, in the best interest of farmers. The fact has often been mentioned in Quebec at farmers meetings grouped under the U.C.C.; but, to my knowledge, no detailed study of the matter has been undertaken until now by the U.C.C.

The reasons behind this seeming lack of interest are said to be, first of all, that the P.F.A.A. was a very particular kind of crop insurance plan to which the federal and provincial governments were contributing. Then, the province of Quebec, with its mixed farming and its great variety of vegetable and animal production, was complicating the matter with regard to the administration of an act which benefits western Canada.

According to the U.C.C., tobacco and apple growers in our province made certain experiments. Insurance was provided by private enterprise and, of course, at the option of farmers themselves.

With regard to tobacco, and more particularly to cigarette tobacco, experience seems to have shown that it is possible, as the hon. member for Joliette-l'Assomption-Montcalm (Mr. Pigeon) indicated; but even in those cases the rates were often prohibitive.

With regard to insurance for apple growers, since it is established on a voluntary basis, producers in the areas most likely to suffer from drastic changes in temperature were the ones to avail themselves of this protection, which proved fairly expensive and more or less practical.

Not only would it be important to consider the possibility of putting crop insurance at the disposal of farmers engaged in special farming, but it would also be important to put it at the disposal of those who are engaged in mixed farming and in a variety of vegetable and animal production.

In my opinion, this crop insurance legislation should include sections providing for a special credit policy in favour of farmers who are victims of damages caused by nature, such as floods, hail, tornadoes, etc. By such a policy a certain category of farmers, or even a whole agricultural area could be protected against localized damage.

In those specific cases, the legislation providing for such government credit facilities to agriculture would make it possible to grant the necessary credit with no interest charges to farmers affected, except, of course, to those who defaulted in their payments.

It seems to me that a clause to that effect would afford a measure of protection to a certain number of eastern farmers. Furthermore, such legislation could at the same time provide for the repayment of the capital, over a period of 3 to 10 years, according to the extent of the damage suffered by the buildings, or the various types of crops of a group of farmers of a given locality or area.

In my opinion, it would be extremely important that such a provision be added to the crop insurance bill which will be submitted to us shortly, because it often happens that excessive damages are caused in some areas through the vagaries of nature.

For my part, I am in favour of the crop insurance legislation principle, provided that such legislation be made applicable to all areas of Canada without exception.

However, in his brief remarks, the Minister of Agriculture indicated that this crop insurance bill which had been promised us requires some study in so far as its application in various areas is concerned. In my opinion, that legislation is actually a federal subsidy to the provinces, since the provinces themselves will have to determine what crops may be insured. However, we are in favour of this bill, although, as the minister stated, it seems most complicated.

Although the minister spent several hours preparing this bill, I would ask him whether he would not be prepared to put in a few more hours on it and, in that case, whether he could perhaps use that time in devising some way of getting the premier of Quebec to accept this legislation which would be of benefit to Quebec farmers.

(Text):

Some hon. Members: Never.

An hon. Member: Not applicable.

(Translation):

Mr. Racine: In order to help the minister, may I suggest that he read over section 95 of the British North America Act, which provides that the federal government has concurrent powers in so far as agriculture is concerned.

I hope the minister will agree to my request and that eastern farmers, particularly those in the province of Quebec, will also benefit from this legislation.

(Text):

Mr. Hamilton (Qu'Appelle): Mr. Chairman, coming from the province of Saskatchewan and having listened to the remarks of the hon. member for Assiniboia I rise to make a few observations, mostly corrections, so that the record will be accurate. In the first place, the crop insurance legislation now before us in resolution form is part of the national agricultural policy laid down in the house on August 31, 1958.

Mr. Martin (Essex East): August 30.

Mr. Hamilton (Qu'Appelle): August 30.

Mr. Martin (Essex East): Dates are very important.

Mr. Hamilton (Qu'Appelle): This was one of seven points. I would recommend to all members of the committee that they realize the significance of the remarks of the Prime Minister on that day. As I see it, the key remark he made was that agriculture is not a local but a national problem and must be looked upon as something that is the responsibility of the House of Commons within its jurisdiction with respect to very part of Canada. This crop insurance bill makes it possible for every province in Canada, if it so desires, to make an agreement with the federal government to enter into a scheme that will relieve some of the risks brought about by the ups and downs of the weather. This is part of a national agricultural program because the whole problem of agriculture is a basic one and can be described very briefly as follows.

Traditionally in some parts of Canada agriculture has been bothered with the ups and downs of prices. The government has attempted to meet that situation with agricultural prices stabilization legislation. The second risk, and it is greater in some parts of Canada than in others is that due to the uncertainties of the weather and therefore the crop insurance legislation now before the committee is a vital part of our over-all national agricultural policy. In turn, when the farm credit legislation comes before us it too

will be evidence of another promise made to the people of Canada and another promise kept.

In the past I have twitted the hon. member for Assiniboia for never quoting in the house or throughout the country the report of the royal commission on agriculture and rural life in Saskatchewan. At long last he has shown evidence that he has looked at the report. He brought it into the house today and, going rapidly through it, he read some selections. The first selection he read was from R. E. Motherwell's report which was pessimistic or negative with regard to the feasibility of crop insurance on the prairies. He read this portion of the Motherwell report into *Hansard* today. The Minister of Agriculture asked the hon. member for Assiniboia for the date of the report and, after looking around quickly, the hon. member said "September, 1955."

Mr. Argue: I rise on a point of order. I do not think the minister is trying to be unfair, but at that time I was not quoting from the Motherwell report at all. I have it on my desk but I have not marked any references to it in the report of the Saskatchewan royal commission. I was quoting the conclusions on page 15 of the report referring to Manitoba crop insurance commission. If I left the impression that I was quoting from the Motherwell report I am sorry because I left the wrong impression. I think the minister wants to be fair. I was not quoting from the Motherwell report.

Mr. Hamilton (Qu'Appelle): I am very glad to have that correction because most members in the house will recall that the late Mr. Motherwell died before 1955. I sent out for my copies of the reports and, incidentally, the Motherwell report was made in 1944.

Mr. Argue: I have it in my hand. I know the report well.

Mr. Hamilton (Qu'Appelle): I have accepted the hon. member's question of privilege. I wish I could make my remarks in reasonable peace. The Motherwell report was a summary of the findings of the Saskatchewan committee on crop insurance which had been studying schemes all during the 30's. The report was made in 1944. I definitely got the impression, and I am sure the Minister of Agriculture did too or he would not have asked for the date of the report, that the hon. member read that pessimistic comment. So I am going to put on the record what the Saskatchewan royal commission on agriculture and rural life had to say about the Motherwell report. This royal commission was established in 1952 and reported in 1956. One of their first observations in dealing with the various reports they had before them, was to say this about the Motherwell report, as found on page 13:

> Motherwell concluded his report on the feasibility of crop insurance in Saskatchewan with this rather pessimistic comment—

The royal commission recognized that he was reporting on the pessimism of crop insurance studies made during the 30's. If the hon. member had read the Saskatchewan royal commission report carefully he would have noticed the following statement on page 5 at the bottom of the righthand column:

> Crop insurance and P.F.A.A. were discussed at 16 of the 57 community hearings. The majority of the people in attendance at these 16 hearings favoured the establishment of a crop insurance program.

All the way through this report you sense the great need of people living in a drought area for help in the form of an insurance scheme to guard against some of the risk due to weather. Those people who know something about farming in the dry land areas of the United States and Canada know the great hardships that were suffered by the people in the 30's when there was no such thing as a crop insurance program to provide some help. As a group of people in Canada we were forced to accept relief from the rest of the people of this country. That relief was given in a very generous and Christian fashion but it did something to many of our people that some of us will never forget. That is why there are many in the house today, not the least of whom is the Prime Minister, who led a group of us who said that if we ever had anything to do with running the affairs of the country we would make a tremendous effort to set up some scheme whereby the farmers of western Canada and any other area that needed help could have it on a self-supporting basis so that men's feelings and integrity would be left whole. Therefore this crop insurance legislation is to some of us the fulfilment of a dream long before us.

I am not going to bother the committee at this stage with a long recital of all the arguments and recommendations in the royal commission report but I would recommend the report to members of the committee who are seriously interested in trying to provide some form of insurance against the weather and to protect the growing of crops by the agricultural industry of Canada. If hon. members do not have time to read all of it I would suggest that they look at chapter eight and the recommendations. There is no sense of pessimism here. The pessimism of the Motherwell reports is dismissed by this royal commission

and this is what they say in the opening paragraph of their recommendations:

> Nevertheless, this commission, after consideration of the evidence before it, is convinced that, in the long view, crop insurance is feasible for the Canadian prairies.

This is the report of a five-member royal commission composed of Mrs. Nancy Adams; professor W. B. Baker, the chairman; T. H. Bourassa; H. L. Fowler; Charles W. Gibbings and J. L. Phelps. I can say with some assurance to the members of this committee that no one can say that those people named as the royal commissioners in this report have never had the interest of agriculture at heart. When the hon. member for Assiniboia condemns the recommendation of those royal commissioners—

Mr. Argue: I did not say that.

Mr. Hamilton (Qu'Appelle): —set up by the C.C.F government in Saskatchewan, he condemns J. L. Phelps,—

Mr. Argue: Nonsense.

Mr. Hamilton (Qu'Appelle): —an ex-minister of the C.C.F. government. He condemns T. H. Bourassa from Lafleche and all his contributions to the co-operative movement in Saskatchewan.

Mr. Argue: Nonsense.

Mr. Hamilton (Qu'Appelle): He condemns Charlie Gibbings, vice president of the wheat pool. He condemns H. L. Fowler, one of the leading men in the co-operative movement in Saskatchewan, and he condemns Mrs. Nancy Adams.

Mr. Argue: On a question of privilege, Mr. Chairman, may I say this. I did not differ with this report when I was speaking. My question of privilege is this. I mentioned no people who were commissioners on the Saskatchewan royal commission. I condemned no one. The minister's statement in this regard is completely false.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the question of privilege raised by the hon. member as you, of course, recognize, is not a question of privilege at all. This was the same attitude that the hon. member took when the stabilization bill was brought into this house. I rose in my place and challenged him at that time and asked him why he does not rise and read the report of the royal commission. Despite all the name calling that went on at that session I said that we would go back to the people of the west and that we would let the people of Saskatchewan decide what they wanted and whether this was a condemnation or rebuttal of this kind. Saskatchewan spoke very strongly in March of 1959. I would suggest that when the hon. member spoke here today he will have to explain to the people of western Canada, and particularly he will have to make clear to the people of western Canada, whether he was speaking for the C.C.F. party at all levels in Canada. Is this the attitude of the C.C.F. party in Saskatchewan toward crop insurance? Does he speak for the C.C.F. government on this occasion? Is this going to be the test before the people of Saskatchewan real soon? I say to the hon. member that I shall be glad to stand up before the people of Saskatchewan on the record of a royal commission that looked into this matter very carefully and whose recommendation for crop insurance I support because I know the needs of the people. I know they do not want relief. All they want is a chance to help themselves and this gives it to them.

Mr. Chairman, I am not going into all the points raised by the hon. member for Assiniboia. The Minister of Agriculture did an extremely effective job of pointing out the fallacies of some of his statements. I think the hon. member suffers from his tendency to jump too quickly and to exaggerate. Then he pays a heavy penalty of regret. I should just like to remind him of some of the recommendations which I wish he would read:

> Recommendation No. 2. That reserve requirements for the experimental program be provided by the federal government, and that the central administrative functions be undertaken either by P.F.A.A. or by a new agency which would incorporate the P.F.A.A. and crop insurance programs.

There is no separation. They can both work together or anything you like.

Mr. Argue: The minister is separating them.

Mr. Hamilton (Qu'Appelle): Another recommendation is as follows:

> Recommendation No. 20. That areas which qualify for crop insurance be excluded from P.F.A.A. coverage and levies.

After a long study a royal commission composed of once friends of the hon. member recommended that those areas benefiting from crop insurance be excluded from P.F.A.A. and those individual farmers who do not want crop insurance can have P.F.A.A. We have followed this recommendation to the letter. The hon. member who purports to speak for the C.C.F. party in the house now says that this is a terrible thing we have done. I could go through the whole report and decimate these various points that he has raised but since they have been well covered by the Minister of Agriculture I am just going to make this one point which I hope goes out to every farmer in the grain areas of the west.

Mr. Peters: It will be your first one.

Mr. Hamilton (Qu'Appelle): Under the P.F.A.A. there is a $4 an acre relief contribution in the case of crop failure. This act which was so good according to the hon. member for Assiniboia had to be amended in many ways last year. We have supported this act and we have supported the amendments. But let hon. members who come from the grain areas do a little bit of arithmetic. This bill sets up a coverage of 60 per cent of average yield. If the average yield is 15 bushels, the coverage is for 9 bushels per acre. A coverage of 9 bushels an acre at $1.50 a bushel means $13.50 an acre coverage which you pay for partially yourself and partially by contributions of the federal government. The farmer of western Canada is not asking for handouts. He is not asking for relief. However, he will be glad that we are contributing half of the cost of administration and 20 per cent of the premiums because it is roughly the same as we give to the workingman of Canada. In the unemployment insurance arrangements for contributions they have had this since 1940. At long last, 19 years later, we give the same equal treatment to those in the agricultural industry.

I will just point that fact out to you, Mr. Chairman, in the hope that those who have the responsibility to carry the truth of what is happening here to the people of Canada will not let the type of comment made by the hon. member for Assiniboia get out across the country. If the truth be known, we then have no worry in our minds as to what the people will think of what we are doing here.

Mr. Martin (Essex East): I think the committee will recognize that this particular resolution, in principle,—I do not say in fact; and I do not deny that possibly the bill when introduced will have many features that will be highly desirable—is one of the most important matters to be put before this parliament at this particular session. I join with the hon. member for Assiniboia at once in expressing my regrets that this bill is being introduced at this late stage at a time when I am afraid the house will not be afforded the opportunity of giving the kind of consideration which this measure deserves. This is not the only important measure that is being introduced by the government at this late stage in the session. There is before us other legislation that should have been introduced earlier in the session.

This measure is one of the greatest importance. It is a bill that can provide the greatest benefit to the agricultural community of this country; but it is a measure that ought to be thought out carefully. It is a measure in connection with which we should invite the views not only of the provincial governments but as well all the national farm organizations. This can only be done by having the bill sent to a parliamentary committee. Whether it be to the existing committee on agriculture or to a special committee, as was done in the case of unemployment insurance, I am not now arguing, but I do suggest, and in doing so I take advantage of the Prime Minister's presence at this time, that a measure of this importance ought to be examined from every point of view, and the only way that can be done is by carrying out the suggestion made by the hon. member for Assiniboia.

I do not propose to examine the historical features of the proposal because I do not pretend to have the knowledge that some other hon. members have on this subject. I have looked at the report to which the member for Qu'Appelle has just directed our attention, the 1952 Saskatchewan royal commission on agriculture and rural life. I have examined some of its conclusions in the fourteen reports which were presented in December, 1956. I have spent some time in studying the report made by the Saskatchewan section of the United Farmers of Canada when they submitted a plan for all-risk crop insurance applying to all grain crops. I have paid some attention to the study which was made by Mr. Motherwell in 1944, who reported I believe as a member of the Saskatchewan reconstruction council on crop insurance, and to the study in Alberta in 1935.

Since no reference has been made to that, so that the record might be more complete, I would just mention that in that province crop insurance received consideration, and in 1936 a government committee report was issued suggesting three courses of action: First, an all risk crop insurance plan which would guarantee a minimum return either in yield or in value to the farmer; second, crop income payments; and, third, farm storage, that is sealed farm storage for grain in good years which would be available on the farms in dry years. Then there is the study in the Department of Agriculture itself when Mr. W. J. Hansen of the economics branch of the Department of Agriculture made a complete exhaustive study of this problem in connection with P.F.A.A. in 1936. So there is a wealth of material on this subject.

Much comment has been offered about the crop-insurance scheme in the United States. We should understand how that scheme is written, and how it is sold, and that certain types of crop insurance cannot be carried out in a country like Canada or even in that country in areas of low crop production. It could only be carried out

in areas of high crop production and therefore does not attack the problem which prairie farm assistance attacks in this country; and it should not be forgotten that they do not have what we have in Canada, P.F.A.A. I think if the minister of agriculture in the St. Laurent government has the opportunity of reading today's *Hansard* and what the hon. member for Assiniboia said about that particular measure, and associates with that what the Prime Minister said in 1958, Mr. Gardiner will feel that he has indeed at long last received from his opponents, none of whom was more vigorous than the hon. member for Assiniboia, the kind of tribute and acknowledgement which I wish the hon. member for Assiniboia had given to Mr. Gardiner when he was a member of this house.

Mr. Argue: I wonder if I could tell the hon. member for Essex East, who wants to be fair, that I have done that many times.

Mr. Martin (Essex East): I am very glad. So that the record will be complete on that score and Mr. Gardiner can enjoy his period of occupation at this time as a western farmer, I would recall the words of the present Prime Minister who, on February 20 of 1957, said as reported at page 1472 of *Hansard*:

> The Prairie Farm Assistance Act had its inception through the vision of the Minister of Agriculture—

Then Mr. Gardiner.

> —and what has been done deserves the appreciation of those who live in drought areas.

When we are comparing the United States system of crop insurance, bearing in mind that they do not have P.F.A.A., I think that these words of tribute to Mr. Gardiner, who was really the greatest friend western Canada ever had in this parliament, will show that what he did constitutes a great record in the field of agriculture. I do not think there is any question that the present Minister of Agriculture must day to day be confronted with evidence which was not open to him before and which indicates what an outstanding minister of agriculture we had in the person of Mr. Gardiner.

When the minister introduced this measure today he referred to it as an all-risk crop insurance. I note that that phrase "all-risk crop insurance" is used in the Saskatchewan report of 1952, the one in Alberta in 1935, the one in Manitoba in 1954, and so on, but I wonder if that is an accurate description of what the minister really has in mind in the resolution he puts forward today. I suggest to him that this is not a proposal for all-risk crop insurance, and before I take my seat I hope to establish the validity of this statement.

The minister said that the government is confronted in the proposal that it has made with the hindrances and obstacles which are embedded in our constitution, and that the federal government cannot bring forward any other kind of scheme in principle than the one introduced today. I would suggest to the Minister of Agriculture that that is not the case. This may be the desirable thing to do, but if he wants to use the analogy of unemployment insurance he can follow the example taken by the government of Mr. Mackenzie King in 1940. The government of that day did not bring in unemployment insurance without consultation with the provinces. It had no power under our constitution to impose any kind of contributions for the purpose of unemployment insurance on the employers or workers of our country. It had to get that power from the provinces as the minister knows.

Mr. Harkness: I pointed that out.

Mr. Martin (Essex East): Yes, my hon. friend pointed it out, but he did it in such a subdued manner as not to indicate that he was fully aware that what had been done in that case he might well have done in this case. My hon. friends opposite are on record as having promised the people of Canada a comprehensive system of crop insurance; the words of the Prime Minister are there for everyone to read. The hon. member for Kenora-Rainy River referred to the statement made by the Prime Minister on August 30, 1958, whose words appearing on page 4346 and page 4347 of *Hansard* for that date clearly establish, as the hon. member pointed out, that what the Prime Minister had in mind was provision for a comprehensive crop insurance program. That is not what is before the house at the present time.

Then because this matter is important, I put on record the words of the Prime Minister uttered in this house on September 6, 1958, to be found at pages 4747 and 4748 of *Hansard*. Here is what the present Prime Minister said:

> When the next session arrives we intend to introduce a measure for which the farmers have asked from the earliest days in western Canada, something which has also been requested by farmers in other parts of Canada, an insurance plan to bring about the assurance of at least a modicum of income, that degree of income which will not cost the farmer too much to assure himself of, and through which during the dark days of drought the farmer may be assured of at least a fair and reasonable rate of return. That is one of the things that came about under the Prairie Farm Assistance Act. That met the situation in the western provinces to a degree. That legislation was placed on the statute books as a result of the initiative of the Right Hon. J. G. Gardiner. It has been expanded, it has served a successful purpose and has been beneficial. Farmers generally

are today asking for something further in that direction and it is because they are asking for that, we intend to provide the opportunity at the next session of parliament of taking this further step.

My submission to this committee is that what we now have before us is not the kind of measure which these general words of the Prime Minister indicated was in the mind of the government as legislation in the field of crop insurance to be introduced during the present session. The hon. gentleman need not feel inhibited by the constitution. If the minister wishes he can do what was done in 1940, when we embarked on unemployment insurance. He has the same course open to him as we had; he can have the provinces called together, he can ask for an amendment to the constitution and he can bring forward a comprehensive scheme of crop insurance.

Mr. Benidickson: The same thing was done in the field of old age security.

Mr. Martin (Essex East): Yes, as was done in the case of old age security. That was in 1951. We had no authority to propose any form of contributions to senior citizens of this country in 1951, but we wanted a comprehensive old age security scheme and we got one. The only way we could do that was by having the constitution amended, and the only way to get that done was by calling the provinces together and obtaining their consent. We got that consent. So let no one think that in this matter now before us the minister has brought forward a comprehensive scheme of crop insurance, because that is not the case.

Mr. Harkness: That is your opinion. It is not the opinion of a lot of people.

Mr. Martin (Essex East): That may be so, but I am submitting this argument and I hope I will receive the same attention as I have paid to the hon. gentleman when he spoke. This is the contention I am making. All the minister is doing today is precisely what the government of 1925 did in the matter of old age pensions. He has resorted to the same pattern, and 1925 was a long time ago. What was done then was to pass an act in this parliament saying that the government of Canada was prepared to extend certain financial grants to provinces which were prepared to embark upon schemes having to do with the establishment in Canada of old age pensions. But that was not an immediately comprehensive measure and no one ever pretended it was. So the hon. gentleman is, I think, struck at once with one of the real obstacles in this matter, an obstacle which suggests that whatever advantage might lie in this particular resolution it is not, as was indicated we would have, a comprehensive crop insurance scheme. I suggest to the minister that it is not too late for him or for the government to take the kind of step which would present to the farmers of Canada a comprehensive national scheme of crop insurance.

If this is not done, may I point out that we have had from the minister no assurances whatsoever as to what the attitude of the provinces is going to be. We know that in 1958 there was a conference with the provinces. I think the minister mentioned that this afternoon, and the minister referred to this conference when he spoke in this house in 1958. But he intimated then that the discussions were of a general character and that no final conclusion was taken. The minister said, I find, on June 4, 1958 as reported in *Hansard* at page 829:

> As a result of the recent conference with the provincial ministers of agriculture, Mr. Speaker, no particular consideration has been given to this matter. The whole matter, however, has been under very active consideration for many months past, and a considerable number of members of the Department of Agriculture have put a good deal of study and a good deal of work into the whole question of crop insurance and have prepared certain recommendations, which I am considering at the moment.

What provinces are going to enter this scheme? Manitoba, Saskatchewan, Alberta? These provinces have, of course, studied this question. But what is the position of Ontario? I know what was said in the election of 1957 all over southwestern Ontario by those who now sit on the treasury benches. At that time, as very hon. member from western Ontario now sitting in this house knows, the farmers in that area had suffered very great economic losses as a result of crop damage by storm and we were told by the hon. member for Dufferin-Simcoe, among others, that if this government came into power, in co-operation with the province of Ontario under Mr. Frost, we would be presented with a plan for the compensation of our farmers either directly out of federal and provincial treasuries or by virtue of some legislation which would be passed. In fairness to the Minister of Agriculture I must say that I wired him after the election of June 1957 and reminded him of the promise made, particularly by the hon. member for Dufferin-Simcoe. I also spoke to the Minister of Agriculture on the telephone and he said: I am not commenting on that. I am simply saying that what you are now submitting is not the policy of the government of Canada at the present time. I do not know if the Minister of Agriculture remembers this. He pointed out what the constitutional position was; that it was up to the provinces, and

if they found it could not be done out of their own financial resources, if they found these resources did not enable them to take care of the situation, they had the right in that event to turn to the federal government. But there had been no such request made by any provincial government and consequently the Minister of Agriculture took the frank position that notwithstanding these promises I could expect, certainly for the farmers of Essex county, no such assistance as had been promised by hon. gentlemen opposite.

The minister has gone into some detail today. He has indicated that the federal government intends to pay 20 per cent of the cost of the premiums. The federal government has indicated—and I want to get this right—that where the revenue from the premiums is in excess of $200,000 the federal government will loan 75 per cent, make a loan to the province of 75 per cent of the excess.

Mr. Benidickson: No, the excess.

Mr. Martin (Essex East): I thought I had said that. And the federal government is going to pay 50 per cent of the cost of the administration. That leaves 80 per cent of the premiums to be paid. An analogy has been suggested between this matter and unemployment insurance, but surely the fact that the federal government is going to pay 20 per cent of the premiums leaving 80 per cent still to be paid requires further explanation from the government before the analogy can be regarded as complete. Does the minister now know whether any particular province has determined (a) to come in and, (b) if it has, what percentage of the premium it is prepared to undertake. Is it going to accept 40 per cent to provide for an analogy as in the case of unemployment insurance where that percentage is borne by the employer and 40 per cent borne by the worker, or is it expected that the whole of the balance of the premium will be imposed on the farmer? If that is the case I am sure that we cannot expect that there will be many farmers who will come in under the scheme.

I know that the federal government has no legal authority—and if it had I know that certainly no government would want to take responsibility—for whatever policy a province arrives at as to the share to which it would commit itself with regard to a scheme of this sort but surely in the light of the statements made by the Prime Minister in 1958 and in the light of his own assurances about the studies that had been undertaken the minister is not in a position where he cannot tell this committee what provinces are going to come in and, if they do come in, what will be the percentage of financial responsibility they will bear.

All hon. members of this committee no matter where we come from recognize that the farmers of Canada have very special problems and if this particular scheme or a scheme like it will assist them in the great losses which have occurred from time to time we will all be very pleased indeed. But I think it should be borne in mind that all the farmers in Canada do not live in western Canada and that the farmers in eastern Canada, as was mentioned by several hon. members who spoke previously, have problems and losses from time to time. Sometimes those losses are comparable to those suffered by any other group in our country. Take the loss which threatened right in my own county to which reference was made the other day by the hon. member for Kent, Ontario, in the matter of tomato contracts. Take the great loss that occurred in 1957 all throughout southwestern Ontario. These were very serious losses to the farmers of that area. I suggest that a crop insurance scheme can apply not only to wheat but to corn, soybeans, sugar beets and all of those things.

Mr. Harkness: That is the purpose of this scheme; it will cover any crop.

Mr. Martin (Essex East): In fairness to the minister I should state that he said that if a province decides to bring in any number of crops the federal government is prepared to the extent of its commitment in this legislation to be committed likewise. I suggest to the minister that if he wants to have a comprehensive scheme he has the opportunity of doing what the Liberal government did in 1940 and in 1951 with regard to unemployment insurance and old age security.

There is no question concerning where we in this group stand with regard to this subject. At the national Liberal convention which chose the present Leader of the Opposition as leader of the Liberal party it was affirmed that we support the extension of the principle of P.F.A.A. to all parts of Canada where it is desirable to provide emergency assistance and to provide adequate financial assistance to provinces which establish crop insurance plans. That resolution is an indication of our willingness to support a practical measure, one that will not prove too burdensome on the farming community and one which comes within the possibility of their acceptance having in mind what I think is the very desirable standard of measurement laid down by the minister, that the scheme ought to have sound actuarial principles.

It is significant that in the resolution before us we have nothing to indicate that this is a

comprehensive crop insurance scheme. On the contrary the resolution as presently drawn and the minister's observations in connection with it suggest not only that no proper system of crop insurance has yet been set up but also that no plan has yet been worked out in so far as co-operation with the provinces in the inauguration of a joint plan is concerned.

I suggest to the minister that he ought to give us an opportunity of giving this measure the most careful attention in the dying days of this session. This measure ought to be sent to a committee so that we can ascertain what are the wishes of the provinces, what are the possibilities of their acceptance and what are the attitudes of the farm organizations. If that is not done I can foresee what will happen. I do not say that the Minister of Agriculture will do this, but I am sure my genial, vigorous and highly imaginative hon. friend the Minister of Northern Affairs and National Resources will go from one end of the country to the other telling the people of Canada that this government has an agricultural policy second to no other government in the world; not only has it got a vision for the north but it has a vision for the farmers of Canada, and he will call as his witness the crop insurance plan introduced by that distinguished hon. gentleman, the present Minister of Agriculture, which plan no province will have supported. Nevertheless he will have given the farmers of Qu'Appelle, the farmers of Essex East, and the farmers of Kent, New Brunswick, the impression that this, the most vigorous government we have had in Canada, has at long last brought forward a crop insurance plan. These men, the farmers of Canada, will not examine the bill in the way that we now have the opportunity of doing. Therefore, they will say, "At long last we have something that is going to provide for us when we have crop failures as a result of acts of God, and the like; at long last we have something that is going to give us the kind of security we require. We have been maintaining the urban workers through unemployment insurance and now we have something for ourselves." The real fact will be that all they will have is a bill passed by this parliament in the dying days of the session without consultation with the provinces or with farm organizations, a bill that has only some value in that it adopts a principle which if accepted by all the provinces might give it some substance.

I appeal to the Minister of Agriculture using in paraphrased language the kind of appeal he used to make when he sat in the third row back here on this side of the chamber when he in his insistent manner used to prod the minister of agriculture of the day and sometimes even the poor, helpless minister of national health and welfare of the day to take a particular course. I ask him now to consider this. This is an important bill. This is the kind of bill that could do a great deal for the farmers of our country. But let us make sure it is the kind of bill that will do that. Let us not bring forward a measure merely for the sake of gaining temporary political advantage, for the sake of being able to indicate, in form at any rate, that a promise has been kept. The real way to keep a promise or to gain political advantage, I suggest to the Minister of Agriculture—

An hon. Member: You should know.

Mr. Martin (Essex East): Yes, I should know. To return to my thought, the real way to keep a promise or to gain political advantage is by bringing forward substantial measures that really have something in them and not measures that merely give the impression of something being done. Someone said that I should know. Yes, I should know because I was a member of a government which brought down very substantial measures. P.F.A.A. was one of them. When I think of the criticisms against that legislation that were voiced in this house by so many members and when I hear the kind of tributes that are now paid to the former hon. member for Melville, the former minister of agriculture, who was the initiator of that measure, as the Prime Minister said, I realize that we did bring down useful measures and, as the hon. gentleman said, I should know about these things.

This is an important measure. This could be a most useful measure. Let us see what are the weaknesses in this bill. The way to do that is not by the kind of speech we have just had from the Minister of Northern Affairs and National Resources telling us that this is another spoke in the wheel of achievement in the field of agriculture. Let us put this government policy to the test by confronting the members of an agricultural committee with this measure and by asking the president of the federation of agriculture, by asking the interprovincial farm union and the corn and sugar beet growers of Essex county and similar organizations to express their views on it. Let them be given the opportunity in this session of parliament of indicating whether or not they look upon this as a substantial measure or whether they look upon it simply as mere window dressing, as the hon. member for Kenora-Rainy River said. I am not saying it is window dressing, I do not know. I want an opportunity to examine this bill. It is because I have confidence in my persuasive

powers on the Minister of Agriculture that I ask him to accede to this very reasonable request.

Mr. Peters: Mr. Chairman, if the resolution before us is, as the Minister of Northern Affairs and National Resources pointed out, a resolution that is going to complete the plan for agriculture that was pointed out by the Prime Minister in August, 1958, then I think a great deal more information should be available in the remarks made by the Minister of Agriculture than accompanied this particular resolution.

I should like to endorse the comment and support the argument made by the hon. member for Assiniboia and also the hon. member for Essex East that this legislation be referred to a committee so that some consultation could be had with those people who are qualified to give us the information. I am surprised, Mr. Chairman, that there has not been more consultation on a formal basis with the provinces before this particular resolution was brought before us. It is quite true that the people in my area could have received great advantages on a number of occasions in the past if this type of legislation had been in effect. But I think that much more consultation must take place before any indication can be given of what good this particular legislation is going to accomplish.

Crop insurance could cover a wide variety of natural phenomena. It could cover hail, flood, drought and many of the other natural phenomena, and each one of those could have disastrous effects in a particular area. In my particular area I can remember only one occasion in my lifetime when there was so much flooding that no crop was harvested. It was back in 1928. Since that time, although there have been partial crop failures in areas in particular grains, it has never reached the magnitude that it did in that particular year. It is quite true also that there are other small segments of the area which are affected by frost or by drought or by some other condition. I think this type of insurance could be very economical. It is the type of insurance which could cost the farmer very little.

I remember some of the arguments I heard when I was in western Canada on several occasions in the last few years. On each occasion when crop insurance was discussed during the provincial elections in Manitoba not long ago the farmer was more concerned with whether this was going to cost him more money than he could afford to put out for this type of insurance. I think it must be borne in mind by the Minister of Agriculture—and he may continue to forget this fact—that many of the farmers that I met that are receiving the benefits of the prairie farm assistance had not the amount of money available, and they have not had it for some time, that would be required to cover the premiums under a provincial scheme. Many more considerations must be taken into account before this plan is implemented.

If the Minister of Northern Affairs and National Resources was correct—and I assume he was—that the Prime Minister is implementing an agricultural scheme to solve the problems of rural agriculture in all parts of Canada, then this must be part of that scheme and it must fit into the scheme on a national basis. If this is true, then why not refer this to a committee which will have the opportunity of calling before it witnesses from all parts of Canada who have the information. I think it is quite easily understood that there is a great deal of difference between covering, for instance, grain and potatoes in my part of the country and covering cherries, apples or other small fruits in the Niagara peninsula. There is no connection between these products. The amount of insurance that would be necessary to cover these two fields would vary greatly and in most cases they would not be suffering from the same problem. In one instance frost would affect the crop and in the other instance it would probably be a wet condition or not enough rain or some other condition.

I think the Minister of Agriculture must be aware of the fact that the great problem in agriculture today is not crop failure or overproduction but lack of markets and lack of returns for the produce the farmer is producing. If the farmer were given a fair and reasonable price for his product, if he were guaranteed this on a forward carrying basis, then I am quite sure we would have no reservation in accepting the fact that the farmer ought to be able to carry this type of crop insurance himself. But in the circumstances there are many farmers in my part of the country who are not going to be able to participate in any type of crop insurance unless it is paid for 100 per cent by people other than themselves because their income has been such in the last two years that they are not capable of carrying crop insurance at all. They will not be able to pay the premiums, or if they do their families will probably go hungry.

If the Minister of Northern Affairs and National Resources is interested, as he appears to be, in this legislation for agriculture, then the major problem he is faced with today is not this piecemeal program of putting into effect all the Prime Minister wants to accomplish on a national basis for agriculture but it is the real problem of prices. If he is going to get himself involved in the

Department of Agriculture, then I think he cannot neglect also to use his influence to see that prices are maintained and established on a parity basis so that we shall know exactly what we are going to insure and how we are going to insure it.

There are many people who, if they want this type of scheme, will be paying on a crop that they have not the faintest notion what it will be worth by the time it reaches the market. I am quite sure that all hon. members have received letters from the fruit producers and the vegetable producers in the Niagara peninsula in particular where this problem is much more prevalent than it is in any other form of agriculture, where they are producing a high price commodity for a market which may not pay the cost of production when it is finally put on the market.

I would suggest to the Minister of Agriculture that it is going to be very difficult to insure this type of crop against crop failure if they are not even sure it is worth saving. In fact, it might be quite a saving to the producers if it disappeared before it reaches the market stage because the small amount that they will save will probably not be worth enough to make it worth while insuring the amount that they have lost.

It seems to me that if we are to consider this crop insurance program in terms of the much bigger scheme that the Minister of Northern Affairs and National Resources implied had been envisioned by the Prime Minister and partly implemented by this particular legislation, then I think much more consideration will have to be given to it. My information arising from a superficial examination in Manitoba of part of this problem would indicate that in the main the farmers of that province are not going to give up prairie farm assistance for crop insurance. On the other hand, I know of no group in Ontario that has developed plans so far to implement crop insurance if it is brought into being under any scheme. I have talked to a large number of farmers and representatives of farm organizations and, having regard to the scheme now before us, I think they are going to be less interested in developing plans to put crop insurance into effect.

Therefore I think there is a great deal to be said for the request of the hon. member for Assiniboia and the hon. member for Essex East that this matter be placed before the standing committee where we would have an opportunity to hear presentations by the various organizations concerned with the subject. If this does not come to pass, then I suggest that the government is not prepared to support this measure by argument before the various organizations and that members of the government, just as the hon. member for Essex East has said, are going to travel throughout the country and say to the people that they have given them all they promised to give and that if they do not get any benefit from the scheme it is the fault of the province.

This argument can only be met if the Minister of Agriculture is willing to call a conference of the provincial ministers of agriculture in order to discuss this and other matters in a concrete way so that he and certainly the various oragnizations will have a much better idea of what is available so far as crop insurance is concerned. I think in Ontario we need crop insurance and have needed it for some time. It should be established on an actuarial basis having regard to the record over a number of years. It should also be based on the ability to pay of the farmers, the municipality or whatever unit is used because I think it has been generally accepted that those who are least able to pay are the ones who need help the most. I am quite sure that this will apply to crop insurance if and when it comes into effect in the province of Ontario. Those who need it are going to be least able to take advantage of it.

The problem of how to finance the scheme, how far it should be extended and the advantages that can be provided can only be solved by hearing representatives of the organizations and if the measure is passed in its present form it will probably not be satisfactory to the majority of organizations who would like assurance with regard to one thing or another. It will not solve their problems.

Mr. Benidickson: Does the hon. gentleman as a resident of Ontario think that the terms outlined by the Minister of Agriculture would likely be accepted by the province of Ontario as the basis for a partnership deal?

Mr. Peters: I am only guessing but I am quite sure they will not be. As far as Ontario is concerned, I am quite sure that the legislation will not be used at all.

Mr. Benidickson: That is my view.

Mr. Peters: From the superficial experience I have had in talking to a number of farmers in Manitoba I also suggest that the farmers of that province are not going to trade what they have for a crop insurance scheme. Many of them have said that to them crop insurance appeared to be too expensive for them to take advantage of it. In my own area in Ontario, for instance, there is a lot of dairy farming and I cannot see that the farmers would be willing to have hay and grain covered unless the premium were very small. Unless everybody engaged in farming in the province

is going to be covered, unless the scheme is on a very comprehensive scale, then the premiums will be so high that nobody will be able to take advantage of the plan.

The Acting Chairman (Mr. McCleave): Order. The Chair is aware that the clocks have been stopped for some 15 minutes. We are proceeding on the basis of the time provided by the watch of the Clerk of the house.

Mr. Fraser: Did the C.C.F. stop the clocks?

The Acting Chairman (Mr. McCleave): The time is 12 minutes to six, table time.

Mr. Argue: Mr. Chairman, I have been interested in the remarks made by the Minister of Agriculture and the Minister of Northern Affairs and National Resources. When I spoke initially I said that I had hoped and had reason to expect, having in mind the importance of this legislation, that there had been some prior consultation with the provinces on the kind of proposal that has been presented. In reply I believe the Minister of Agriculture said that this matter had been discussed at four conferences.

I should like to know from the Minister of Agriculture whether the main proposals contained in the bill have been discussed with the provinces. I am not interested in knowing whether the question of crop insurance came up generally at one of these conferences. What I am interested in finding out is whether or not the Minister of Agriculture discussed the main proposals in the bill, the proposal that the federal government would pay a 20 per cent premium, the proposal applying to the prairie provinces that if a farmer there wishes to take out insurance under this legislation he forfeits the right to be covered by prairie farm assistance. I should like to know specifically with respect to that question whether the minister of agriculture of Saskatchewan has agreed to this very far-reaching proposal contained in the legislation. I have grave doubts whether the provincial ministers of agriculture are aware of what is in the bill. As a matter of fact, I think that if the bill had been discussed with the provinces the minister would not have received general support for the type of legislation that is being introduced, certainly not from the prairie provinces.

I think this adds substance to the request already made by myself and the hon. member for Essex East that this very important legislation should be referred to the standing committee on agriculture. I think the provinces should be prepared, as I am certain they would be, to give their views on this legislation in public. I think we should have the benefit of the views of the various ministers of agriculture from the different provinces in order to see whether their views concerning this proposal, which in the words of the Minister of Agriculture concerns something that is not a federal but a provincial responsibility, were taken into account before the measure was presented.

The Minister of Northern Affairs and National Resources has made a great to-do about the report of the Saskatchewan royal commission on agriculture and rural life. He seems to take the view that if one differs in any degree with anything contained in the report one is immediately condemning all the commissioners and everything they stand for. Is this not a strange attitude on the part of the Minister of Northern Affairs and National Resources? Would he apply the same logic to the stand taken by one of the commissioners Charlie Gibbings on deficiency payments? Does he mean that the proposals respecting the deficiency payments presented by the Saskatchewan wheat pool and other farm organizations must be accepted and are accepted by the minister because Mr. Gibbings is in part the author of a report on deficency? If there is any logic to the minister's argument, then he stands for deficiency payments as proposed by the farm delegation, which we all know, of course, is far from the fact. They all know that the Minister of Northern Affairs and National Resources is very actively and very strongly opposed to deficiency payments as they have been presented. But what the Minister of Northern Affairs and National Resources is attempting to do—

Mr. Hamilton (Qu'Appelle): The hon. member is putting words into my mouth.

Mr. Argue: The minister can reply. He is an authority on putting words into peoples' mouths. We saw him doing it in this very house not so very long ago.

Mr. Hamilton (Qu'Appelle): Pretty weak.

Mr. Argue: Mr. Chairman, no matter what government appoints a royal commission—whether it be a Conservative government, a Liberal government or a C.C.F. government—I reserve the right to look over the recommendations of the royal commission and on my own judgment to say whether or not I believe they are fully in the interests of the people covered by the report. I do not take the view which the minister of northern affairs would have us believe he takes—and which he does not take at all—namely that this is his bible, that he has taken it to his bosom and that he accepts everything that is in it. If he does so, there will be some rather strange things that he has accepted.

Mr. Hamilton (Qu'Appelle): Will the hon. member name a better reference for information on crop insurance than a better report?

Mr. Argue: I would not go to the minister if I were looking for a better reference, I can tell him that. I can tell him what I will do. I will give him a copy of *Hansard* for today containing my speech which I think is more realistic than the conclusions, if you put them all together, of all the royal commissions on this subject, many of which have different points of view or outlook, and some of which arrived at different conclusions at different times. I would suggest that the conclusions that have been arrived at by this government are not conclusions that are supported in the royal commission on agriculture in Saskatchewan or any other royal commission or in their campaign promises; but most important of all, they are not supported by the farmers and the producers of western Canada.

Mr. Hamilton (Qu'Appelle): Am I clear on this point, namely that the hon. member considers that he is a greater authority than the royal commission report? Is that the significance of his remarks?

Mr. Argue: If the minister wants to ask me whether I think that some parts of the west should be taken out of crop insurance, I would say no. But of course the Minister of Agriculture pretends that he accepts this report—he pretends that—and then he does not quote all the parts of it that have to do with recommendations when he is quoting them.

Mr. Harkness: Mr. Chairman, I have not quoted anything from this report.

Mr. Argue: I am sorry, Mr. Chairman. I meant the minister of northern affairs. I will come to the Minister of Agriculture in a moment or two. The minister of northern affairs quoted certain things from page 99 of the report. I should like to quote some more things from it. These are found under the title "Administrative and Financial Responsibility":

> In view of the interprovincial nature of the need for crop insurance, the limited financial resources of individual provinces, the necessity of spreading risks over as wide an area as possible; and in view of the federal government's accumulated experience in administering the Prairie Farm Assistance Act and its earlier acceptance of responsibility for crop insurance at the time P.F.A.A. was enacted,—

Listen to that, Mr. Chairman.

> —the commission recommends:
>
> Recommendation No. 2. That reserve requirements for the experimental program be provided by the federal government and that central administrative functions be undertaken either by P.F.A.A. or by a new agency which would incorporate the P.F.A.A. and crop insurance programs.

Mr. Benidickson: Read No. 40 on page 97.

Mr. Argue: I had better stick to what I have been reading instead of going to what the hon. gentleman is reading. This is further spelled out, as has been suggested, in item 40 on page 97. From page 99 I read further:

> Recommendation No. 3. That the participation of provincial governments in crop insurance include (a) assuming regional administrative costs and (b) acting in an advisory capacity to the program.

From the whole of this report I think it is clear that it was the intention of the royal commission that this scheme should be a federal plan administered by the federal government and, of course, as the report points out time and time again, should be in its initial stages an experimental crop insurance scheme confined to pilot areas and not be on a general province-wide basis.

The minister of northern affairs has referred to the P.F.A.A. as relief and he has said that farmers would surely prefer to be covered by a crop insurance scheme instead of relief under prairie farm assistance. I challenge the minister's interpretation of prairie farm assistance. I challenge the statement he has made that prairie farm assistance is relief in the ordinary sense of the word "relief", namely a handout or a present. I suggest that the Prairie Farm Assistance Act is a national act in this country recognizing the federal responsibility, in the words of the former minister of agriculture, to provide certain benefits to western producers under certain conditions when there is a crop failure. These are benefits to which the producers are entitled by law and are in no sense a handout or relief.

Mr. Pickersgill: Good Liberal legislation.

Mr. Argue: It needed to be much better than it was. After fighting with the Liberals for eighteen years, I believe it was, we got some improvements in the legislation.

Mr. Pickersgill: Who put it there in the first place?

Mr. Argue: Mr. Chairman, I do not know why I get these shouts from the side.

Mr. Pickersgill: I was supporting the hon. gentleman.

An hon. Member: Six o'clock.

Mr. Argue: Before you call it six o'clock, Mr. Chairman, I say to you that the farmers on the prairies will resent this aspersion by the minister of northern affairs that the benefits they receive under the Prairie Farm Assistance Act are in any way shape or form

relief or that they should be termed that, above all by a minister from the prairies. May I call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Argue: Mr. Chairman, at six o'clock I was saying that the farmers on the prairies will resent very much the reference by the minister of northern affairs to the present Prairie Farm Assistance Act as one by which the farmers are given relief. I think one of the most serious faults in the measure as forecast by the minister is that farmers who wish to come under the act must forgo the benefits of prairie farm assistance. Prairie farm assistance generally is a program that has been accepted by the farmers of western Canada. They feel that as far as it goes it is a good program, and they will resent very much having to forgo the benefits of this good program in order to qualify for crop insurance as defined by this legislation.

One of the questions which might be asked is whether or not this is a practical scheme; whether or not in most areas it can be expected that farmers will take advantage of the program as it is likely to be brought about. The Saskatchewan royal commission on agriculture and rural life in its ninth report, which is the crop insurance report to which reference was made earlier, has divided Saskatchewan by way of example into three general areas where the commission has examined into the feasibility of crop insurance and the premiums that would likely have to be paid under such a scheme in those areas.

First of all, I might say that in setting forth these examples the Saskatchewan rural commission has said that the following rules as to insurance will apply. The premium unit would be a group of delivery points so that at a certain group of delivery points all the producers within that area who wish to be covered by crop insurance would pay the same rate. The indemnity unit—I take it the unit on which payments will be made—in time of crop failure as defined in the legislation is also a group of delivery points. So, according to this analysis, farmers would not be paid on the yields from an individual farm but the indemnity unit would be a group of delivery points. That certainly would tend to reduce the size of the premium and some of the administrative costs. The coverage would be 60 per cent of the long term average yield group.

The Regina region is one of the three examples used, and the Regina region is used as an area of relatively low risk. This is the land that according to the Saskatchewan assessment commission, from the standpoint of production of wheat, is the most valuable land in Saskatchewan. It is relatively free from crop failure, has level topography, is near to markets and so on. In putting forth this example, the royal commission on page 139 of its report had this to say:

> The average premium rate for the Regina region would be .735 bushels per acre for an average coverage of 9.4 bushels per acre. . . . The average amount of protection per farm would approximate $2,754.

The premium would be $215, making a ratio of premium to coverage of 7.8 per cent. The 7.8 per cent premium in this example in the Regina area—and this is an area relatively free from crop failure—is to be compared with the 1 per cent premium under the present Prairie Farm Assistance Act.

The next area of medium risk is called the Hanley-Davidson region, and in this area in order to be covered under the same formula the premium would be 13.8 per cent. I suggest that a premium of 13.8 per cent is a very high premium. It is a premium which very few farmers are likely to consider they are in a financial position to meet. The chances of them insuring with such a high premium is less today than it was a few years ago because the price of wheat, the main commodity in the area, is lower today relative to the cost of production than it was a few years ago. As the cost-price squeeze continues and the farm production costs continue to rise while prices for farm products remain at about the same level, and in some instances go down, farmers will be more and more reluctant to take advantage of such a scheme, and would find it much more difficult financially if they thought it to their economic advantage so to do.

Now I come to the third area, the Swift Current-Shaunavon region. In that region it is pointed out that with an average of 170 insurable acres per farm, the average premium cost per farm unit becomes $169, the maximum coverage about $1,035, and the ratio of premium to coverage becomes 16.3 per cent. Here is an area in Saskatchewan where crop failures are widespread. Here is an area which is more in need of crop failure protection than many areas; and here is an area where it will be absolutely impossible, if these figures are correct, to insure farms because farmers will find it impossible to produce a 16.3 per cent premium in order to provide in this average type of farm coverage amounting to $1,035 when such a

farm, according to the same example, would have coverage of just under $700 under prairie farm assistance for a rate of 1 per cent.

I say in all seriousness to hon. members from the prairies, particularly those hon. members who represent high risk areas, that there is nothing in this measure to recommend it to them. As a matter of fact, in the areas where crop failures are more persistent this measure does not provide any advantage. The government would have been far better advised as it affects the prairie provinces to have improved and expanded the Prairies Farm Assistance Act to provide greater coverage to the people who do in fact have crop failures, and to provide this greater coverage under the very important principles that apply to prairie farm assistance. This legislation can but cover a small minority of the farmers of western Canada. It will exclude the majority of the farmers. It places an obstacle before farmers who wish to come under the act, and it is an endeavour by the federal government to transfer the bulk of the financial responsibility for protection in time of crop failure on to the backs of the provinces and/or the producers.

The minister has not quarrelled with the statement I made that the administrative costs in the United States have worked out to about 25 per cent of the indemnity. If that is the case in Canada, then of course the 20 per cent of the premium which the federal government is paying together with half of the administrative costs is a very small proportion of the total costs which will be involved.

Mr. Benidickson: The federal government in the United States pays the 25 per cent anyway.

Mr. Argue: Quite correct. In the United States the federal government pays the whole of the 25 per cent, and after that they ask their producers to pay the rest, and all the studies of the United States system of crop insurance state it is impracticable of implementation as far as Canada is concerned. Yet in spite of all this the government is endeavouring to transfer this responsibility at least to some extent to the provinces. The government hopes, of course, that by putting forward some kind of a scheme the demand for improvements in the Prairie Farm Assistance Act can be turned on to the provinces, thereby avoiding what is in my submission a federal responsibility. A great deal has been made of the position taken by the Saskatchewan royal commission, and as the hon. member for Kenora-Rainy River pointed out before the supper adjournment, paragraph 40 on page 97 is very clear. This is what it states:

Potential liabilities in crop insurance—even in a test program—are beyond the fiscal capacity of a single agricultural province. Federal participation is therefore essential. A federal program, moreover, would avoid the high concentration of risks which would inevitably occur in a provincial program. Administrative needs also make it highly desirable that the federal government assume the major role.

This is the key recommendation in this report, namely that even in a test program, and most certainly in a wider program, the federal government must assume a major role. This is where this legislation falls down, because it is endeavouring to transfer back to the provinces in 1959 a part of the responsibility which was accepted as a federal responsibility in 1930.

The minister of northern affairs in his speech this afternoon made an oblique reference to impending debates out in Saskatchewan. Probably he had in mind some reference to the Saskatchewan election, whenever that may be called. The minister of northern affairs seemed to suggest that he would like to debate agricultural issues with me. Nothing would please me more than to meet the minister of northern affairs on a public platform in Saskatchewan to debate the agricultural policy of this government, including this inadequate legislation which is now before us and to let the people who might come to such a debate at some convenient place decide whether or not this government has fulfilled its commitment to the people of western Canada and to the farmers of Canada generally, namely to give them a fair share of the national income. This legislation, instead of endeavouring to do that very thing, is a means of trying to transfer what must be essentially a federal responsibility back to the province.

Mr. Chairman, in the light of the fact that there has been very little discussion with the provinces I think that this legislation will be exceedingly disappointing as far as western Canada is concerned. I believe it will be considered entirely inadequate and that it will bar from effective participation the very producers who need protection most.

Mr. Michaud: I should like to ask the minister if I understood him correctly this afternoon with regard to his comment about the position taken by the maritime provinces. Would the minister mind explaining again what is the attitude of the governments of the maritime provinces in this matter?

Mr. Harkness: What I said this afternoon was that during the various conferences I have had with the ministers of agriculture, when the question of crop insurance was under discussion the ministers from the three maritime provinces indicated that they did

not think their provinces would be very interested because of the fact that they very seldom have serious crop failures. But they were quite prepared to study any program which came forward and decide then whether or not they were interested in coming in.

Mr. Benidickson: I have previously indicated a certain amount of skepticism, having heard from the minister in his major speech about various escape hatches he is preparing in this bill. I want to see this bill, because I think it will be full of such escape hatches as those about which the minister hinted.

The minister replied to the few remarks I made in this way—he attempted to show how much interest had been displayed by the various provinces in the course of the dominion-provincial conferences which have taken place during the time of his administration of the federal Department of Agriculture. That was not the question which I addressed to the hon. gentleman. I asked him about the probabilities and expectations as a result of these conversations over the past two years. How many provinces does the minister think, having in mind the terms which he knows are in this bill, are likely to accept a proposal of this sort?

This raises a point which is 18 months old. I think that on October 17, 1957, the minister was asked whether a request had been made by any of the provinces for the enactment of a national all-risk crop insurance program, and the minister's answer, as reported on page 59 of *Hansard* of the 1957-58 session was to the effect that there was no indication of any such request or any such pressure. I think before we conclude our debate at this stage the minister should not just debate the question as he did by saying that there was interest. Of course, interest would naturally be displayed at four meetings of federal-provincial representatives of departments of agriculture, but the question I raised, and the question which the minister avoided answering, was this: how much probability is there that the terms enunciated in this bill which the government has prepared are likely to be so attractive that several provinces, or a majority of the provinces out of ten, would probably accept them in the near future?

Mr. Harkness: Mr. Chairman, the hon. gentleman is asking me to engage in prophesy. I know of no more fruitless occupation and I do not intend to enter into it.

Mr. Benidickson: Another question was asked more directly by the hon. member for Assiniboia. He asked whether the minister had indicated to the provincial ministers of agriculture what was likely to be in this bill and whether there was any indication of whether these terms are likely to be accepted by a fair number of the ten provinces. Or are we just to be left in the dark with regard to this proposition which the minister has put up.

Mr. Argue: I should like to know from the minister whether these main proposals in this legislation have ever been discussed with a single provincial minister of agriculture. I ask this question because I think it is clear from what the minister has said that any discussions on crop insurance which have taken place with the provinces so far have been in the course of a general agricultural conference, and the subject has been discussed in a very general way. Since the provinces under this measure will be expected to bear more than 80 per cent of the total cost of such a scheme I should like to know whether or not the provinces have been made aware of the kind of legislation that is being proposed. I would be interested in knowing if the government had gone so far as to make them aware of the proposed legislation. I should have thought that in discussing legislation with the provinces the main principles involved in the legislation would have been discussed with them prior to the legislation being introduced. I am wondering if the minister will say that this is so.

Mr. Harkness: Mr. Chairman, the hon. member knows quite well that I would not have discussed the details of this measure with the provinces and had I done so he and others in his party would have been the very first to complain about my having made this informatian available to the provinces before revealing it in the House of Commons. The hon. member would have emitted bellows that you could hear back as far as the Confederation building that I was disregarding the rights of parliament and so on and so forth. He knows full well that that is the situation.

Mr. Argue: In other words, the provinces have not been made aware of the main proposals of the government. In addition to that I take it—and the minister can correct me if I am wrong—that at no time did the government discuss with the provinces the program that might be put in practice dividing the costs of a crop insurance scheme. I would not expect the minister to take the detailed bill to the provinces for prior approval but when he is asking the provinces to bear more than 80 per cent of the cost I think in all fairness—

Mr. Harkness: Mr. Chairman, I really must protest at the hon. member stating something

that is completely incorrect. Under this proposed bill the provinces are not required to bear a nickel of cost as I pointed out this afternoon.

Mr. Argue: No, not if they decide not to go into it. What a gun the minister is trying to hold to the heads of the provinces.

Mr. MacLean (Winnipeg North Centre): Come off it.

Mr. Argue: The minister is introducing legislation which if it is to be of practical value requires the provinces to bear 80 per cent of the cost and he has not had the courtesy or decency to discuss the question with the provinces. I think this is a shameful attitude on the part of the government. It reveals that the government is not at all interested in having good federal-provincial relations in this country. If the government wished this scheme to win acceptance from the provinces it should have placed its proposals before a federal-provincial conference on agriculture.

Mr. MacLean (Winnipeg North Centre): How do you know there will not be acceptance? Get out your crystal ball.

Mr. Argue: It is obvious from the statement of the Minister of Agriculture that there has been no consultation with provinces yet the minister has brought before parliament legislation which if it is to be effective requires the provinces to pay more than 80 per cent of the cost.

Mr. MacLean (Winnipeg North Centre): That is not correct.

Mr. Argue: Yes it is. The federal government will pay 20 per cent of the premium. Of course the provinces can make the farmers pay the 80 per cent but it will be outside the payments of the federal government. That is what the minister has placed before us.

Mr. Pugh: What is wrong with that?

Mr. Argue: My hon. friend asks what is wrong with it. Apparently he thinks this is the way to achieve successful federal-provincial relations; not to consult with the provinces or discuss your proposals but introduce legislation in parliament which if it is to be effective requires the provinces to pay at least 80 per cent of the cost. This represents an undermining of federal-provincial relations.

Mr. MacLean (Winnipeg North Centre): Oh, bosh.

Mr. Speakman: Nonsense.

Mr. Argue: I appreciate all the attention my remarks are receiving as evidenced by the innocuous interruptions of hon. members opposite. When a royal commision has stated that crop insurance is a national problem, it is not my concept of mature government action when the federal government introduces into parliament legislation under which the provinces will be required to make substantial payments and concerning which they have not been consulted. I think this is an insult to the provinces. This is the worst possible way to conduct public affairs in Canada in respect of issues and in fields where the federal government is asking the provinces to co-operate.

Why was there not a federal provincial conference on crop insurance? The provinces and the farmers within the provinces are to be asked to bear 80 per cent of the cost. In the prairie provinces it will be even worse because the farmers there will have to pay 80 per cent of the cost and forego legislation that is already on the statute book. A conference of this nature has been requested by at least some of the provinces, but such a conference did not take place.

Not only do I protest some of the provisions the minister has said will be in the bill but I most emphatically protest the arbitrary, high-handed and unilateral way the government has handled this legislation. There can be only one way in which the government should proceed from this point on and that is to call a meeting of the standing committee on agriculture and colonization or some other appropriate committee if the government so chooses and let us hear from the farm organizations and the provincial ministers of agriculture concerning their views of the proposals contained in this legislation. Let us have what would be in effect a federal-provincial conference on a delayed basis, a basis much inferior to that of a conference being held in advance of the introduction of the resolution.

After this arbitrary and high-handed attitude of the government and the arbitrary way in which this has been handled which represents a gratuitous insult to the provinces I suggest that the way to proceed from this point on is to have a meeting of the standing committee on agriculture before which the provinces would have a chance to express their views. Even more important than that, the farm organizations would have a chance to come before the committee and tell us how producers can be expected to come under the terms of this legislation and pay premiums of 10 or 15 per cent or more.

Mr. Harkness: Mr. Chairman, the hon. member for Assiniboia has again been busily engaged in setting up a strawman and tearing it to pieces in a loud voice. He is attempting

to introduce some difficulty as between the dominion and the provinces over this matter where no difficulty in the world exists. It is entirely a figment of his own imagination and is designed for no purpose other than to try and create disunity and difficulty in the country.

As I have said, I have discussed this matter on several occasions with the ministers of agriculture of the provincial governments and none expressed any opposition toward the general question of crop insurance.

Mr. Argue: Against paying 80 per cent?

Mr. Harkness: As a matter of fact all were quite willing to have legislation brought in to implement a system of crop insurance and some were extremely anxious to have it brought in. A number of provincial ministers of agriculture who expressed views on this question thought that whatever scheme was brought in should be under provincial administration because the provinces would be in a better position than the dominion government to administer it, particularly in view of differences in crop conditions in various parts of Canada and things of that nature. I believe this is a self-evident fact. The real difficulty the hon. member for Assiniboia has is that he is against crop insurance. The speech he made this afternoon was a complete speech against crop insurance; the speech that he made this evening, in which he got into this other gambit of dominion-provincial relations, was against crop insurance. He does not want a crop insurance scheme. In trying to prevent a crop insurance scheme going into effect he is trying to throw every possible impediment that he can think of in the way of implementation of a crop insurance scheme, and then go out in the country and say that a Conservative government promised that you would have a crop insurance scheme, but you see they have not produced it. This is the type of tactics he pursues.

I should like to make it very clear, Mr. Chairman, that the statement which the hon. member for Assiniboia has made time after time that the provinces will be required to pay 80 per cent of the cost is absolutely false. The provinces are not required to pay one cent of the cost. It is up to them how much of the cost, if any, they pay, and the dominion government actually will be paying something over 25 per cent of the cost of a crop insurance scheme in any particular province, made up of 20 per cent of the premiums and 50 per cent of the administration costs.

Mr. Benidickson: Mr. Chairman, I do not want to get into any argument between the minister and the hon. member for Assiniboia. I listened very carefully to what the Minister of Agriculture had to say and as I wrote them down his words were "No difficulty exists with the provinces on discussion". Why should there be? Who is against crop insurance? People are not against it. You assert it. I am not getting into that. That is the thing I am not getting into. The minister said, and I wrote this down, "There is no sentiment against crop insurance". I agree with him. As has been put on the record, the Liberal party is in favour of crop insurance. But what I want to know is, are the provinces likely to accept crop insurance on the terms enunciated by the Minister of Agriculture this afternoon with all those escape hatches that I spoke about?

I do not want to prolong this debate on the resolution stage because I want to see the bill. There is nothing in the resolution to give us any indication of what might be provided, but I have a suspicion that the possibility of crop insurance in this country in the near future has been strangled by these kinds of provisos, back door provisos and, as I say, those escape hatches, which I do not think have been presented to the provinces and which I want to know about. I would be prepared to allow the resolution to pass at the present time and see the details of the bill and see whether or not I was right when I said I suspected it was an empty shell. I would like to see it, and I would like an undertaking from the minister that a certain time would elapse, not long, perhaps a week, and within that week we could then determine whether or not the minister, say on second reading, would be prepared to come forward and tell us that in this interval he had had any indication other than what he has announced so far that provincial governments are very interested—let me go back to my original question—and are likely to accept in the near future the proposition that he advances in this resolution.

Mr. Argue: Mr. Chairman, in spite of what the minister says, we are endeavouring to obtain a scheme that will be acceptable to the people of western Canada in particular and also to people in other provinces who may be interested in coming under this scheme.

The minister has said that I have put up a strawman; that what I said was a figment of my imagination, but he has not said, and he was careful not to say, that the accusation I have made was wrong, namely that there have been no consultations and discussions with the provinces on the basic proposals that were to be contained in legislation advanced by the government. There has just been a little discussion on crop insurance and, of course, provinces have said they were greatly interested in crop insurance. They would like to know the government's views on crop insurance. Saskatchewan wanted to

discuss with the minister the government's views on crop insurance. The government of Saskatchewan wished to consult with the federal government and with the governments of other provinces at a round table discussion at a general conference the kind of proposal that would make a most acceptable crop insurance plan, but this government has refused and there has been no discussion except in this very general way.

The Minister of Agriculture can define it as he likes but the fact remains that the federal government in this plan is accepting only 20 per cent of the responsibility, 20 per cent of the premium responsibility. Eighty per cent of the plan must be borne by the province and/or by the producers within the provinces.

He has said that some provinces wanted provincial administration because provincial administration would be more acceptable. I ask him what are the names of the provinces that have asked him to provide for provincial administration, or have suggested to him that they wanted to administer the act? I would ask him whether the thinks there is one province in Canada which is satisfied with the federal government bearing only 20 per cent of the responsibility as far as premiums are concerned and half of the responsibility as far as administration costs are concerned?

I cannot underline again too strongly the objectionable provision of this legislation which says that those producers who are in a high risk area, if they are to come into this legislation must forgo the benefits of prairie farm assistance. That in itself pledges the death knell of this legislation over very wide areas of western Canada. I see the hon. member for Swift-Current Maple Creek in his seat. I referred earlier to the statement of the Saskatchewan royal commission that in that particular part of Saskatchewan, an area which is in the hon. member's riding—I have many similar areas in my own—in order to qualify for the kind of crop insurance scheme set forth by the royal commission it would require premiums of 16 per cent or more. I suggest that such premiums are absolutely impossible to pay and that in large areas of western Canada this legislation will be of no benefit. It will be of no benefit because it has this impediment in the legislation, namely if a person wishes to insure under this legislation he must forgo the present Prairie Farm Assistance Act. This is not only a method of endeavouring to transfer a substantial responsibility the federal government now accepts back to the provinces, or back to the producers, or both, but it appears to be legislation calculated to undermine the present Prairie Farm Assistance Act. I suggest that rather than undermine the Prairie Farm Assistance Act it is going to demonstrate the Prairie Farm Assistance Act has much wider application in western Canada than has this legislation under discussion.

Mr. Pascoe: Mr. Chairman, a great deal of smoke screen has been thrown up in regard to this resolution, particularly by the hon. member for Assiniboia. I should like to congratulate both the Minister of Agriculture and the Minister of Northern Affairs and National Resources on their clear outline of what is involved in this legislation. I consider it is essential that government bills be explained clearly by the ministers concerned, because it appears somehow that the criticisms of government bills apparently get more newspaper and radio coverage than the benefits of those bills.

Mr. Argue: So you are going after the C.B.C., are you?

Mr. Pascoe: No. I should like to take a few moments to outline again the main highlights of the legislation because, as I say, I think it is essential to have the facts before the people most concerned. I should like to take a moment to mention one or two of the main highlights. This is a voluntary crop insurance plan. It will not be forced on the farmers and it will be brought into effect only if each individual province agrees to play its part and is willing to help the farmers to the extent that the federal government is prepared to help them.

The federal government will pay 50 per cent of the administration costs and will also pay 20 per cent of the crop insurance premium. It is hoped to establish the plan on an actuarially sound basis which would set the crop payment loss at 60 per cent of the long term yield of a particular area. The federal government will also lend the provincial government concerned 75 per cent of any indemnity above $200,000.

The Minister of Northern Affairs and National Resources referred several times to the report of the Saskatchewan royal commission on agriculture and rural life and the hon. member for Assiniboia has also referred to parts of that report. I had considerable to do with the report. I was on the secretarial staff, travelled all over the province with the commission, and should like to refer to two or three highlights to emphasize what the farmers themselves think of crop insurance.

Mr. Argue: They never saw this bill.

Mr. Pascoe: I should like to deal first with public opinion and that is the part I was mostly concerned with at the public meetings.

Crop Insurance

I refer to the condensed report of the royal commission, page 2, where I find the following:

> Although a succession of high yields had temporarily lessened the urgency of crop insurance . . . a substantial proportion of communities and organizations drew attention to the limitations of P.F.A.A. and to the need for crop insurance.

I was at these meetings when this matter was brought up and it was discussed very fully. The report goes on to say that P.F.A.A. was considered to be inadequate. I also paid a good deal of attention to this point which is dealt with in these words:

> There was also a general feeling that, although farmers should pay their own way to the maximum degree possible, some government subsidy would be required.

That was discussed many times. The farmers were not asking for a straight handout. They wanted to try to stand on their own feet as best they could but they knew they could not handle the whole crop insurance plan themselves. I submit that the bill before us fits in with their ideas of what the federal government should do. On page 3 the summary of the report goes on to say about P.F.A.A., to which the hon. member for Assiniboia referred a great deal:

> The act was also intended to provide a vehicle for distributing relief payments to farmers on the basis of need.

The farmers wanted to get away from the suggestion of relief. They wanted to have a system whereby they would pay part of the cost themselves and expect payments when they had crop losses. On page 14 the summary of the report goes on to say:

> Potential liabilities in crop insurance, even in a test program—

They refer to starting a test program.

> —are beyond the fiscal capacity of a single agricultural province. Federal participation is therefore essential.

I submit that federal participation is shown in this legislation.

Mr. Benidickson: In a small fraction.

Mr. Pascoe: On page 20 of the report it is recommended that the participation of provincial governments in crop insurance include assuming regional administrative costs. Here the federal government is assuming half of the administrative costs. If I may refer again to P.F.A.A. and draw the attention of the hon. member for Assiniboia to it, I would point out that it is recommended in the report that areas which qualify for crop insurance be excluded from P.F.A.A. coverage and levies. These points are in the report of the commission and I just wanted to put them on record.

Mr. Argue: Did you read recommendation 40?

Mr. Pascoe: I read the recommendations that apply in this particular case.

Mr. Argue: You omitted the main sentence.

Mr. Pascoe: I was very surprised at the vehemence of the protest against the crop insurance plan by the hon. minister for Assiniboia—

Some hon. Members: Oh, oh.

Mr. Pascoe: The hon. member for Assiniboia.

Mr. Argue: You are as wrong about that as you have been throughout your speech so far.

Mr. Pascoe: I would have thought that the report of this commission, appointed by a C.C.F. government and reporting to a C.C.F. government, would have received the wholehearted endorsation of the C.C.F. members.

Mr. Argue: It has not been followed. Why don't you read what it says?

Mr. Pascoe: I should like to emphasize that, so far as my own province of Saskatchewan is concerned, the issue is entirely up to the provincial government. It is their decision whether the farmers of Saskatchewan are going to enter into this crop insurance plan, because if the C.C.F. government of Saskatchewan throws up its hands as indicated by the hon. member for Assiniboia there will be no crop insurance plan for Saskatchewan farmers.

We have heard a great deal about escape hatches. The hon. member for Kenora-Rainy River referred to escape hatches several times tonight. I submit that the hon. member for Assiniboia set up an escape hatch whereby a provincial government that does not want to discharge its duty to the farmers certainly can make its escape.

Mr. MacLean (Winnipeg North Centre): Mr. Chairman, I had not intended to participate in the debate for I am no authority on farming or agricultural problems. However, after listening to the inane and perhaps at times insane remarks of the hon. member for Assiniboia I felt compelled to get up and make two points clear so that the situation will be clear on the record. The friend of the farmer, there he sits, the hon. member for Assiniboia, the friend of the farmer today and perhaps the friend of labour tomorrow. Who knows?

Mr. Argue: The friend of both today.

Mr. MacLean (Winnipeg North Centre): Let us put these points on record. He is against crop insurance.

Mr. Argue: Oh, nuts.

Mr. MacLean (Winnipeg North Centre): He stood up in the house and spoke against crop insurance. The hon. member for Kenora-Rainy River gets up on his feet and says that the Liberal party first thought of crop insurance. They had 22 years to put it into effect and they did not do it in that time. It took this government only two years to bring forward a resolution for crop insurance.

Mr. Argue: They have given it to the provinces.

Mr. MacLean (Winnipeg North Centre): And there sits the friend of the farmer voting and speaking against crop insurance.

Mr. Argue: This resolution will not bring it into effect.

Mr. MacLean (Winnipeg North Centre): There he sits laughing about crop insurance which is important to the farmers of western Canada. Let that be noted on the record. The hon. member for Assiniboia also says that it is his opinion that if and when this legislation goes through none of the western provinces will accept it. Put that on the record because I feel compelled to say that if and when the legislation goes through I am sure in my own mind that at least one, if not more, of the provinces of western Canada will take advantage of this forward step by the federal government to help the farmers not only of western Canada but throughout the whole country.

Mr. Benidickson: May I ask the hon. member who has just resumed his seat whether he makes that assertion after having read the report of the Manitoba crop insurance commission, admittedly made to the previous government? But does he believe that the new government would run contrary in its decisions to a recommendation that this would not be desirable for one provincial legislature?

Mr. MacLean (Winnipeg North Centre): I should like to answer that question. We now have in Manitoba a forward looking government, a government that is vitally interested in the interests and problems of the farmers. If crop insurance is introduced by this government and it is going to help the farmers, they will go along with it. They will do anything to help the farmers in Manitoba.

Mr. Benidickson: The hon. member is assured that Mr. Roblin will support this legislation. Is that so?

Mr. MacLean (Winnipeg North Centre): I cannot speak for Mr. Roblin but I like to answer these questions. I can only say that the farmers in the province of Manitoba are the first consideration of the Manitoba government, because they are citizens of the province of Manitoba, and they will receive their equal due along with every other citizen in the province of Manitoba.

Mr. Racine: The minister has told us that he had some discussion with the provinces about this matter. If so, I should like to know what was the attitude of the province of Quebec.

Mr. Harkness: All I can say about that question and similar questions that have been asked is that the discussions that have been held for many years past between the Minister of Agriculture and the provincial ministers of agriculture have always been on a confidential basis and I am not at liberty to say, and certainly would not think of saying, what each individual minister at that conference said in connection with this or any other matter.

Mr. Benidickson: Prior to the carrying of the resolution may I say this. I indicated that there was high feeling about the inadequacies, as mentioned in his speech, that were likely to be found in the bill. Would the minister give us an undertaking that a period of a week or ten days would go by from the time of first reading and presentation of this bill, and would he really say to this house something that he was not prepared to add to the comments he made in 1957 and 1958, about real agreement on the part of the provinces with respect to the proposition that was the basis for the bill?

Mr. Harkness: The hon. member knows that I can give no assurance of that kind. As a matter of fact he is talking about ten days which I presume would be ten sitting days. We are hoping that the session will be over or practically over by that time.

An hon. Member: What a hope.

Mr. Argue: Would the minister say whether he is prepared after second reading to recommend that the bill be sent to the standing committee on agriculture?

Mr. Harkness: As I think I indicated in answer to a question along that line some time ago, this is a matter which has not been decided and I am in no position to make any commitment with regard to it.

Mr. Argue: On that point which we have been pressing for some time. The minister says he is not prepared to say now whether such action can be taken. That answer suggests to me that the minister still has the matter under advisement. I would hope that he would discuss this matter with the Prime Minister and that a question so

important as crop insurance would be placed before the standing committee on agriculture. If this legislation does not go before that committee, then I think there will be even stronger criticism heard outside of this house than any of the criticism that has been heard here today.

Resolution reported and concurred in.

Mr. Harkness thereupon moved for leave to introduce Bill No. C-66, to provide for contributions and loans to the provinces in respect of crop insurance.

Motion agreed to and bill read the first time.

AGRICULTURE

REPEAL OF CANADIAN FARM LOAN ACT—PROVISION OF LONG TERM MORTGAGE CREDIT TO FARMERS

Hon. D. S. Harkness (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the establishment of a system of long term mortgage credit to farmers, to incorporate therein the provisions of the Canadian Farm Loan Act, to add thereto a new type of supervised farm mortgage credit and to repeal the said Canadian Farm Loan Act.

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

Mr. Harkness: Mr. Chairman, from the point of view of the long term welfare of agriculture I believe this is one of the most important bills which has been considered by the Canadian parliament. The importance of credit used by farmers as a supplement to their own capital has increased almost continuously during the last 50 years.

The increased mechanization of agriculture and improved technology is tending continually to enlarge the size of farm operations and the capitalization per worker in the farming industry. In fact, the increase in capital used in agriculture and the productivity resulting from this use has been very substantial in the post-war period. This tendency toward increasing capital requirements, both for fixed capital in lands and buildings and for livestock and equipment, necessarily enlarges the role of credit, not only for the operation of the economic farm unit as such but for the transfer of the economic unit from owner to owner, or from generation to generation.

In 1958 the Canadian farmer had about $11 billion invested in land, buildings, livestock and equipment. About 60 per cent of this investment was in land and buildings. In 1921 close to 80 per cent of the investment was in land and buildings and in 1941 it was a little over 70 per cent. In other words, the investment in equipment and livestock has been constantly increasing. The investment in land and buildings as a result has been constantly decreasing, although the actual amount, of course, has been increasing.

In addition, the average farm size in Canada, based on occupied farm land, has increased from 198 acres in 1921 to 304 acres in 1956. In the case of the prairie region the increase has been from 344 acres in 1921 to 546 acres in 1956. This change in composition as well as addition to the total investment has meant that a young farmer to get started today, not only has to consider ways and means of obtaining capital for lands and buildings but usually has to have chattels valued at only slightly less on the average than the capital to be invested in the land if he is to farm efficiently. In addition considerable experience in farming as well as the use of the many advisory services available are almost a must in the average situation if the farmer is to keep up with new production and marketing techniques.

During the past few years, in addition to the findings of several royal commissions, both provincial and federal, the government has received many representations regarding extensions and additions to the government's participation in the farm credit field. There have been many statements to the effect that the existing provisions for farm credit, private and public, federal and provincial, do not fully meet the changing needs of Canadian agriculture. Suggestions have been made that the total amount of governmental credit might usefully be enlarged, that existing loan limits should be extended, that farmers wishing to undertake larger and more economic operations should be given special assistance, that many non-veteran farmers—particularly young farmers—could benefit from the type of supervision and guidance available under the Veterans Land Act, that additional government incentives be provided to increase the supply of private capital, and that other changes be introduced into the present federal government system of farm credit.

With the passing of farm credit acts in a number of the provinces recently, most provinces now have some form of legislation to make credit available to farmers. At the last session of parliament an amendment to the Canadian Farm Loan Act was introduced which had the effect of increasing the amount available to the Canadian farm loan board for making loans from $80 million to $120 million.

Mr. Benidickson: There were no changes in the terms to the borrowers, of course.

Mr. Harkness: Yes. Oh, I understand what you mean. As you are aware, loans made by the Canadian farm loan board in the last fiscal year amount to close to $30 million compared to less than $10 million in all except one year before 1956. At the last session certain acts relating to cash advances and financing farm-stored grain were also introduced to aid the farmers' financial position.

Following a review of the over-all farm credit situation during the past several months the government has authorized the following developments in the federal farm credit system.

1. The introduction of amendments to the Veterans Land Act which extends the lending authority of the director with respect to veterans established under that act.

2. The introduction of amendments to the Farm Improvement Loans Act which provides for increasing the maximum guaranteed farm improvement loans.

3. The introduction of a new farm credit act for which the resolution is now before you. As stated in the resolution, the proposed farm credit act provides for the establishment of a system of long term mortgage credit to Canadian farmers. It also provides for the establishment of a farm credit corporation with an advisory committee, the majority of such committee to be composed of farmers or representatives of farm organizations.

The proposed act authorizes the corporation to make loans on two basic types of long term mortgage. One type is for loans to farmers on a basis similar to that now being granted under the Canadian Farm Loan Act, except that there are extensions and additions to the lending authority granted to the corporation as well as making the farm credit corporation the successor to the Canadian farm loan board. Among these additions and extensions are included the raising of the maximum loan from $15,000 to $20,000, and the increase in the amount of loan authorized from 65 to 75 per cent of the appraised value of the farm lands and buildings.

The second type of farm mortgage credit makes provision for loans to farmers upon the security of farm lands, buildings, livestock and equipment provided the borrower is between the ages of 21 and 45, has at least five years' experience in farming, and the farming enterprise to be established with the aid of the loan is an economic farm unit. It also provides that supervision will be a requirement when the amount of such loans is above 65 per cent of the appraised value of lands and buildings. Supervision will be available to the applicant for a loan who submits an acceptable plan of operation for his farm. This plan will in effect become part of the agreement between the corporation and the owner and can be modified by mutual consent or abandoned when the loan is reduced to the agreed level.

The total amount of loan which may be made as a supervised loan to farmers between the ages of 21 and 45 may be as much as $27,500, or 75 per cent of the appraised value of lands and chattels on the security of which the loan is made, whichever is the lesser. Farmers operating under this part of the act will not be eligible to receive a farm improvement loan under the Farm Improvement Loans Act except when the principal amount of the supervised loan has been reduced to less than 65 per cent of the value of the farm lands on which the loan is secured or $20,000, whichever is the lesser. The act also authorizes the corporation to provide supervision for any loans which may be made, regardless of the amount of security, if the borrower so desires.

The proposed bill also makes provision for the transfer of present capital and operations of the Canadian farm loan board to the farm credit corporation and for the increase of the maximum limit of moneys that can be borrowed from the Minister of Finance for use in lending operations from $120 million to $200 million. Another extension proposed is the inclusion of a provision for the corporation to determine the method of repayment. This will allow the use of crop share repayment when applicable. The definition of "farmer" has been widened to include cooperative farm associations and family farming corporations. It also provides that where a person has two or more major occupations, one of which is farming, the corporation may determine which of these operations is his principal occupation for the purposes of this act.

You will note also that the proposed bill provides, as in the case of the Canadian Farm Loan Act, that there will be no subsidization of interest rates and that the corporation will be run on a self-sustaining business basis so that provincial and private schemes will still have their place, thus allowing farmers their choice of agency. I can assure you that it will be the intention of the government to keep the cost to a minimum so that the cost to the farmer for borrowed money may be as low as possible.

A survey by the director of the Veterans Land Act of potential earnings on a sample of farms based on average efficiency at the present time indicates that the provision of capital to enlarge and establish an economic farm unit is of major importance. If economic farm units such as this are established they

can pay reasonable costs for money borrowed and leave the individual with an improved position in so far as his basis of net returns is concerned. It is hoped that no individual capable of operating a farm business on an economic basis may be denied an opportunity through lack of capital to develop such business to a stage which will provide a reasonable economic return. Such supervisory assistance as necessary will be provided on a cost basis for persons who indicate, through their own experience, initiative and planning that additional capital will make their future operation an economically sound farm business.

Before agriculture became so largely commercial the rural prejudice against debt was to a great extent justified. Now credit has become one of the most important elements in the management of the farm business. Its use increases very much the scale of operations and investment open to the family with ability and some assets. Within the rather restricted size of the economic farm unit for most types of farming, the keener ability and the greater the assets of the family the larger are the benefits they may derive from the use of credit. Like the physical equipment which the farmer uses, credit requires the exercise of much judgment in determining whether or not to use it, in selecting the source from which to obtain it and in manipulating it to secure the greatest returns.

With reference to the discussions in this house at the time of second reading of the amendments to the Veterans Land Act, I would indicate that provision is made for the use of the staff of the director of the Veterans Land Act to the greatest extent possible by the new corporation. It is also provided that the present staff of the Canadian Farm Loan Board will be transferred to the new corporation. In general, it is expected there will be the greatest co-ordination possible between the various federal, provincial and private agencies in the farm credit field on behalf of Canadian agriculture.

In conclusion I would say that at this stage it is felt that the proposed farm credit act, along with the other federal acts mentioned above, will provide the necessary federal participation in the farm credit field. If experience shows that more is necessary for the improvement of farm family living, farm operating and farm purchase, this government will be prepared to give further consideration and introduce further legislation as may be deemed advisable.

Mr. Benidickson: Mr. Chairman, I am sure that in a general way the house and the country will welcome the statement which has been made by the Minister of Agriculture.

[Mr. Harkness.]

I think there is no question in anybody's mind but that agriculture is an industry which returns to those engaged in it a lesser percentage than perhaps any other industry. We also recognize that it is a basic industry and must remain in a country if that country is to prosper as we all hope Canada will continue to prosper.

I remember having made statements on several occasions in the last ten years with respect to amendments to the farm loan act. In order to show that some progress was made even at that time, and not only now, I recall that in 1952 the maximum loan permitted under the act was $5,000; when the present government took office in 1957 it was $15,000. The minister indicates that in certain categories the increase will be to $20,000 which will be parallel to a recent increase that we had under the Veterans Land Act. I think the minister indicated that in the second category of his new corporation proposal the young farmer of between 21 and 45 would have the possibility of a maximum loan of $27,500. I commend the minister for this because I think that in the light of the obligations incurred by the young farmer, even when he takes over from a relative, and certainly when one pays regard to the capitalization of agriculture at the present time, these are more realistic figures, but there are one or two factors which I will critize, as the minister would expect.

First of all, I want to say that this debate—probably to the great advantage of most hon. members sitting here in this extreme heat—will be reduced because so little information was given in the resolution itself. I compared it with the resolution of February 8, 1956 when other extensive changes were made in farm credit legislation. I draw that to the minister's attention not in a nasty way but just for his future guidance. This resolution, in contrast to what he has announced to this house, shows, I am not going to say contempt for parliament, but a disregard of the parliamentary obligation for debate. Great detail was given in 1956 when major changes were being made with respect to government agricultural mortgage possibilities, but it would hardly be possible to find a resolution which contains less detail in it than the resolution which is now before us. I say that that is not fair to parliament, and it is particularly offensive, as the minister himself would have been the first to say when he sat on this side of the house, when we read in the Ottawa *Journal* of June 16, after he had introduced this innocuous resolution, a disclosure by somebody in that vast empire over which he presides giving details about this bill, details which can be given to newspapers but not to parliament on a resolution

stage, as was done, however, in 1956 when full information was given as to the percentage of increase on appraisement, as to the increase in the maximum amount of the loan and other factors, all of which enabled members of parliament to speak at this stage of the debate. I must say that this is a wrong tendency and it is one to which I object to on the farm loan bill. The minister is not taking this too seriously. I think that the precedent was very clear and I hope that in future in presenting legislation to this house the hon. gentleman will endeavour to give as many particulars as possible at the resolution stage, and not to allow his staff to give this information to the newspapers as was done.

Mr. Harkness: I wonder if I might ask the hon. member what he means by "given to the newspapers"? There was no information given to the newspapers as far as I know, and I think no information appeared in the newspapers except a guess following the introduction of the amendment to the Veterans Land Act that the maximum loan would be around $20,000 which, as it happens, is incorrect.

Mr. Benidickson: No, I have here a copy of the Ottawa *Journal* of June 16 following the introduction of this resolution in the House of Commons and we find that much of the detail given there is accurate; much more information is given in that newspaper report than was given to the hon. gentleman's colleagues in this House of Commons and that, I think, is a bad feature.

Mr. Harkness: Nothing was given to the newspapers as far as I am aware. It was a guess.

Mr. Benidickson: I admit the minister has introduced one new novel feature, the possibility of a maximum of $27,500 for the farmer between 21 and 45.

Both political parties when they appeared before the people in 1958 agreed that certain amendments should take place in this field. I have indicated that there had already been a great improvement in a relatively short period of time when the maximum permitted loan rose from $5,000 to $15,000 and the appraisal percentage went up from 50 per cent to 65 per cent. But I think we have all been impressed by the fact that the financial requirements of agriculture have increased in accord with requirements for credit in all lines of life.

It has also become a fact that when we have legislation authorizing government lending to a special class other people depart from that lending field. This process has been very evident in Canada in recent years and I think the minister would agree with me that this legislation is necessary partly because institutional lending to farmers has been diminishing as the opportunity to borrow from the government has increased. The minister indicated that he did not distinguish between the corporation class 1 loan and the corporation class 2 loan, but as I recall it he did make an emphatic statement that he felt that henceforth there would be every opportunity for private or non-governmental lending. I am not particularly concerned about that point, but the minister intimated that he proposed to offer for the first time supervised lending to a certain class of people on demand.

Perhaps we shall find in the bill details as to the extra expense to the borrower of this type of supervised borrowing to those who ask for it. I take it the minister meant that the borrower was a volunteer in this respect, and that this would not be something imposed upon him. And the minister also told us that he expected the total result of lending and borrowing under this new supervision would be, as in the past, a balance sheet showing neither a loss nor a substantial profit. I hope that when we get the details of the bill we will see more about this.

I heard nothing from the minister with respect to any lengthening of the possible term of the loan. Perhaps there is something in the bill about that. The minister will recall that two prominent farm organizations, the interprovincial farm union and the Canadian Federation of Agriculture, both felt that this was a desirable change in the existing law. No reference was made to this by the minister.

I think all of us will be interested to know who will control the interest rate. Will it be the corporation based upon the cost of government money which it has to pay as a result of government borrowing in the usual course of events plus, perhaps, a service fee, or will this rate be set by order in council? That was not mentioned by the minister in his remarks this evening.

Because of the dark cloud surrounding the resolution as a result of information lacking in the resolution as presented to us—although I suggest this information was given to outside sources—we cannot properly debate the details of this legislation until we see the bill.

Mr. Herridge: Mr. Chairman I wish to make a few remarks with respect to this resolution which is barren as far as the contents of the bill are concerned. This group considers it a justifiable criticism to say that the government should have brought in this legislation much earlier in the session. This is important legislation which has been waited for by many farmers all across

Canada and mention of which was contained in the speech from the throne but it is not until June 29 that we have the resolution before us and a glimpse at some of the contents of the forthcoming bill as a result of the statement made by the minister a few moments ago.

We all agree that the development of the machine age has caused an increasing necessity for more capital in the development of land, the acquisition of chattels, stock and equipment, and the erection of modern buildings. That is recognized from all quarters including farmers organizations and members in all parties in this chamber. We wish this legislation had been brought before the committee sooner so there would have been more opportunity to discuss the matter with various organizations, our constituents and other persons.

We were pleased to hear mention in the minister's statement of the fact that the present farm loan board will be replaced by the farm credit corporation. If I heard the minister correctly the board will be composed largely of farmers or their representatives, is that correct?

Mr. Harkness: The advisory committee.

Mr. Herridge: We are glad to hear that the advisory committee is to be composed of farmers or representatives of farm organizations. If the government listens to a committee of that sort it will get much sound advice in the administration of this legislation because it will be in closer touch with farmers and in touch with changing conditions than will be the government itself.

I cannot resist saying this to the chairman. I want to congratulate you upon occupying the chair so well during the day. I am sure you will not allow anyone to use such unparliamentary language as to refer to this group as dedicated dough heads. I am sure you will stop accusations of that kind immediately.

We were pleased to see that the total loan is to be increased from $15,000 to $20,000 in the first instance. We all expected that because, as the hon. member for Kenora-Rainy River said, we read it in the newspapers some time ago. This increase corresponds with the increase in the loans under the Veterans Land Act amendments which we recently passed. Another advance is the increase from 65 per cent of the value of the property to 75 per cent as the basis on which a loan can be given. It is remarkable how that percentage has increased in recent years and it has increased because the farm organizations made representations to the former government and to this government as to the necessity for this increase. We are pleased to see that this government has responded in this respect as did its predecessor.

Mr. Benidickson: The previous government's increase was bigger than this one.

Mr. Harkness: It took the former government much longer to put it in effect, though.

Mr. Herridge: I will not enter that argument because there are arguments on both sides. We are interested in knowing that there will be supervision when the loan is about 65 per cent of the value of the farm and we think this is a step in the right direction. No doubt this was included on the basis of the successful experience of the Veterans Land Act administration. If the new farm credit organization is as successful in the administration of land as the administration of the Veterans Land Act has been there will be many thousands of young Canadian non-veteran farmers who will benefit from this legislation.

We were pleased to note that the total value will be increased to $27,500 including land, chattels, livestock and, I presume, buildings.

Mr. Harkness: That is right. It is a package deal.

Mr. Herridge: It is a very acceptable proposal in this legislation. I understood the minister to say that the bill will provide for an increase in the capital of the corporation from $120 million to $200 million. I think that is a wise provision because I expect in the near future there will be considerable advantage taken of this legislation.

My colleagues are inclined to mutter when speeches are being made. They forget that I am an old man who is deaf in his left ear. Some mention was made of repayment of loans on a crop-sharing basis and no doubt we will be hearing more about that later.

The minister made some reference to the farmer with two or more occupations and said that the board would decide the major occupation the farmer would be considered to have, if I heard him correctly.

Reference was made to the co-ordination of all agencies, the farm credit corporation and the supervision of the Veterans Land Act administration and co-ordination with provincial credit agencies and, I suppose, to some extent with private credit agencies to get a sort of total application of the credit principle to the needs of Canadian farmers.

Mention was made by the hon. member for Kenora-Rainy River of the fact that the interest rate was not mentioned—

Mr. Benidickson: I asked the minister to tell us who would control the rate.

Mr. Herridge: Yes, and what the rate will be in actual fact. I understand that the Canadian Federation of Agriculture has suggested 3½ per cent. Anyone who has read the history of agricultural credit in Europe, Great Britain and other countries will realize it has been proven from experience that agriculture cannot sensibly pay a rate throughout the years of more than 3½ per cent net for loans under these circumstances.

We hope that when the bill comes before us the wishes of the federation of agriculture, the interprovincial farm union council and other agricultural groups will be considered in that respect.

Our major criticisms are: first, that this legislation should have been brought before the house this session much sooner than it has; second, we believe that the bill should be sent to the banking and commerce committee so that the various agricultural groups, organizations and representatives could express their views on the legislation and their criticisms to the committee and make their suggestions. I think that is very essential indeed, and this is one of the reasons we would have liked to see this legislation introduced much sooner in the session. We also want to hear their views on the interest rate and as to what amount they think agriculture could stand on a sound basis so far as interest is concerned.

If I remember correctly, I did not hear any reference on the minister's part to the length of the term of the loan, which is a very important matter when it comes to agricultural credit, and particularly in certain circumstances where you are developing a certain type of farm and a certain type of agriculture. That is a matter which should receive the attention of the committee. First, there is the interest rate and, second, the length of the term of the loan and any other surrounding factors that the persons representing farmers can bring to the attention of a committee of the House of Commons in consideration and study of this legislation.

We think this is a step in the right direction. There are many things in this legislation we approve of. We are concerned mainly with the interest rate and the length of the term of the loan that is proposed in the legislation.

(Translation):

Mr. Pigeon: Mr. Chairman, the government cannot be too highly commended for improving this legislation with regard to our farmers.

To my mind, the bill would be of great service to the farmers, as farm loans will now be more readily available to eastern farmers. In the province of Quebec, for instance, the Canadian Farm Loan Board had the reputation of never lending anything. As a matter of fact, the number of loans granted in Quebec since the creation of the board has been very small compared to those awarded by the Quebec provincial farm loan authority.

The creation of an advisory committee composed of Canada's leading agriculturalists has also been a wise move on the part of the government. I urge the administration, as well as the Minister of Agriculture (Mr. Harkness), to appoint to this advisory committee, with regard to the province of Quebec, a representative of the U.C.C. and a representative of the federated co-operatives.

From now on, the Canadian government will lend up to 75 per cent of the estimated value of the farm, instead of 65 per cent as in the past. Moreover, the amount of credit available to farmers will be raised. Eastern farmers will be able to meet competition by offering better quality products which will sell easily on our markets. Farmers continually have to acquire better machinery in order to keep pace with labour problems. I believe that this legislation will be of great benefit to them.

Henceforth, farmers in the eastern provinces will benefit from a form of credit which, I think, was not available to them in the province of Quebec or in Ontario.

I, for my part, commend the government for taking this action. I consider this from the farmer's point of view the best piece of legislation introduced in the last 20 years.

(Text):

Mr. Carter: Mr. Chairman, there is just one brief observation I should like to make on this resolution. This resolution proposes to abolish the old Canadian Farm Loan Act and to replace it with a better system of long term mortgage credit to farmers. It proposes also to extend to those farmers the benefit of supervised mortgage credit which has proved so successful in connection with the Veterans Land Act.

Mr. Benidickson: The borrowers are going to pay for it.

Mr. Carter: This is a move in the right direction and I think one to be commended. The real reason I asked for the floor, Mr. Chairman, is to point out to the government that there is no comparable legislation of this kind extending benefits of this kind to fishermen whose problems and needs are very similar to those of farmers, and to direct the attention of the government to that deficiency. I express the hope that it will be remedied before too long.

Mortgage Credit to Farmers

Mr. Argue: Mr. Chairman, I should like to support the remarks of the hon. member for Burin-Burgeo, seeing that I too feel that this act should be extended to include fishermen. I am very pleased at any time to see improvements in legislation affecting farmers and I would like that legislation to apply to fishermen. When I see fishermen getting the benefits of the Unemployment Insurance Act then, of course, I would like those benefits extended also to farmers; but I think fishermen are in the position where they require long term loans at reasonable rates of interest just as do the farmers in this country.

I do not think the minister has yet said whether it is his intention to refer this legislation to the banking and commerce committee, which has been the general practice in the past with similar legislation.

Mr. Benidickson: No, agriculture.

Mr. Argue: No; this legislation in the past has been referred to the banking and commerce committee or to the committee on agriculture. A reference to that committee will be quite satisfactory.

In 1956, when the legislation referred to by the hon. member for Kenora-Rainy River had received second reading in this house it was referred to the standing committee on banking and commerce. I can remember so well that the beginning of those meetings of the banking and commerce committee dealing with amendments to the Canadian Farm Loan Act was held before Easter, the initial meetings, which is a good deal earlier than the discussion of this legislation which is taking place toward the end of the session. When we asked for a full discussion of that matter in the banking and commerce committee, at that time it was said by government spokesmen that the benefits were so important and the farmers were so greatly in need of them that the members should hurry up and pass the legislation. We found on further inquiry that the date of the coming into effect of the benefits would not be affected by our passing the measure in one session or a number of sittings. The result was that the banking and commerce committee dealt with farm loan legislation following that Easter recess in a rather comprehensive manner. We had placed before the committee at that time rather exhaustive studies that had been made by the Canadian Federation of Agriculture. I want to acknowledge and to compliment the minister on having included in the legislation today a number of the recommendations that were placed before the committee at that time. There were recommendations that the maximum amount of first mortgages should be increased to $20,000. The committee was asked to give consideration to the provision of credit that would be supervised for the benefit of the farmers. There were a great many other recommendations.

Mr. Benidickson: The committee did not recommend that that should be at the borrower's cost.

Mr. Argue: Oh, no. There were a number of recommendations that have not been fulfilled by this legislation today. I have not heard the minister say anything about the length of the period or the maximum loan under this legislation. The recommendation was that the maximum loan period should be increased to 40 years. There was a further recommendation that the interest rate should be reduced. It was stated in the presentation by the Canadian Federation of Agriculture that the rate should be reduced to 4½ per cent, that the federal government—I think this is the answer to the hon. member for Kenora-Rainy River—should assume the administrative and certain other costs as detailed in the submission, and it was the opinion of the Canadian Federation of Agriculture that if this were done we would have an interest rate of 3½ per cent.

But I am going to make the suggestion to the minister that in the legislation to be introduced there should be a maximum ceiling on the rate of interest that can be charged. The provision in the present Canadian Farm Loan Board legislation is that the rate of interest shall be at such a level as is necessary to cover the cost of borrowing plus the cost of administration.

Mr. Benidickson: Not quite—as the board decides.

Mr. Argue: The Canadian Farm Loan Board has been lending money at a rate of 5 per cent. Unless there is a substantial change in the interest rates prevailing in the country today I do not think the time will be long coming when there will be an increase from the current interest rate of 5 per cent charged to farmers. I tell the minister that no matter what other advantages are being built into this legislation, and there are advantages, they will be largely annulled if the rate of interest that producers have to pay goes much above 5 per cent. I see that the hon. member for Rosthern is agreeing with me by displaying a wide smile of affirmation. I take it that it is because he knows as well as I do that if the farmer has to pay an interest rate of 6, 6½ or 7 per cent the result will be, in the light of that situation and the other policy of the Minister of Agriculture of pulling the rug out from under the price support legislation, that the Canadian farm loan corporation to be set up under the bill—

Mr. Benidickson: And no deficiency payments.

Mr. Argue: —may own more than mortgages if that situation comes about. I say to the Minister of Agriculture that the farmers cannot afford to pay an interest rate in excess of 5 per cent. I ask him to give serious consideration to placing such a limit in the legislation when it is brought before parliament. Indeed, farm organizations have pointed out in the past that if one allows the farmer a reasonable return for his labour the farmers' investment in his agricultural plant over the years has paid a return of just better than 2 per cent. In the submissions presented by the Canadian Federation of Agriculture in 1956 they calculated that an acceptable interest rate would be 3½ per cent.

I would ask the Minister of Agriculture, as an influential member of the government and as a member from western Canada who, I would hope, has the ear of the Prime Minister, to make very strong representations to his colleagues in the cabinet to reverse the high interest policy that is now being followed and to stop increases in interest rates one after the other so that the beneficial effects that can flow from this legislation will not be taken away. I see that the hon. member for Greenwood is in his seat. I always like to listen to him when he makes a statement in the house. He will agree with me, I am sure, that the farmers are not in the position of the great corporations in this country who can say that their interest charges on their indebtedness have increased from 5 to 6 per cent and that there has been an increase in the cost of doing business this year of another $500,000 and therefore they will increase the price of their product and recover the increase in interest charges.

The farmer can pay increased interest charges only from one source, only from money that he would otherwise use for living expenses. He can pay a higher interest charge only by tightening his belt. I say to the Minister of Agriculture that the farmers of this country cannot afford to pay an interest rate of more than 5 per cent and I ask for immediate action on his part to place a ceiling of 5 per cent in the legislation in order to make certain that the high interest policy of the Minister of Finance—

Mr. Harkness: There is no high interest policy.

Mr. Argue: Oh, no? The rates just go through the ceiling. On one-year bonds we are paying the highest rate in Canadian history.

Mr. Benidickson: The highest ever.

Mr. Argue: But when the former administration was paying lower interest rates what strong statements were made by the Conservative party. How the government of the day was condemned and damned for high interest rates, for tight money. But today we have a government paying the highest interest rates in the history of this country. I ask the Minister of Agriculture to suggest to his colleagues that there should be a 5 per cent ceiling, which is a high interest rate, on the interest that can be charged under this legislation in order to protect the legislation from the wrong and misguided policy now being followed by the Minister of Finance. The Minister of Finance, if he is allowed to run wild with these high interest rates, can ruin—

Mr. Benidickson: He just sits. He does not run.

Mr. Argue: —much of the benefit that can come from this legislation. As I said earlier, if one examines the submissions of the Canadian Federation of Agriculture in 1956 to the standing committee on banking and commerce he will find that many of its recommendations are being fulfilled in this legislation. I ask the minister to consider the other recommendations set forth at that time, particularly the request that the maximum period for repayment of a loan be made 40 years and also the request that the interest rate be lowered. Finally, I ask the minister to consider immediate action to place a ceiling of 5 per cent on the interest rates that can be charged by this corporation, and if the policy of the federal government results in higher interest rates generally and therefore a loss on the part of the corporation, then let that loss be paid from the treasury.

Mr. Benidickson: Mr. Chairman, after speaking on the introduction of a resolution of this kind one always recalls one or two things that are overlooked. I think all members will be sympathetic in that respect although they will not want me to delay the progress of the committee unduly. But the minister did refer, without naming anybody, to the possibility of co-ordinating efforts of the V.L.A. administration and the new corporation in order to save expense. I think it was I who made this particular reference in the debate on second reading of the Veterans Land Act amendments.

It just happens that since that time I have heard indirectly that I could not have been serious in the remarks I made. I want to assure the Minister of Agriculture and the Minister of Veterans Affairs that I never was more serious. I was a member of the veterans affairs committee. I looked at the figures submitted and listened to the evidence very

carefully. I am convinced that under the V.L.A administration we have a very fine appraising staff and a farm loan advisory staff that is underemployed. I was very glad to hear from the minister that he would use this staff to the greatest extent possible.

However, I want to tell him that I am going to watch this situation very carefully. I was not satisfied at simply hearing through another minister that he would do it to the greatest extent possible. I want to say that I have no doubt that he has read, as have I—and I read it actually after my remarks in the house last week—the submission of the interprovincial farm union council with respect to farm credit in Canada. I know the minister has also read it. In the 22 pages he will find that there is a recurrent emphasis upon co-ordination and centralization of farm credit policy in Canada.

I want to say to the minister that I have not the skill that one has after spending some time on treasury board. I sometimes attended treasury board as an observer or as an invitee. However, I want to say that as a member of parliament like himself I was completely convinced that we probably would in the near future lose this appraising and agricultural and guidance staff under the Veterans Land Act unless there was co-ordination of all departments of farm lending in government. I was never more serious, although I have been accused in the past of being very light in my comment that $5 million might have been saved.

May I say that $5 million is $50 million in ten years. The figure I gave last week was that perhaps the Canadian Farm Loan Board this year would lend about $90 million which was almost the figure on the books of the V.L.A. administration. I have been critical of the minister in some respects tonight but I want to say that I am highly pleased that he saw fit, before the introduction of this legislation, to make available to all of us—I think in some haste because the report is dated March 31, 1959—the last report of the Canadian Farm Loan Board.

Mr. Michaud: I should like to say only a word or two at this time. First of all, I want to say that I welcome the measure which is now before the committee. In the second place, I wish to express the hope that the farmers in the maritime provinces will make wider use of this measure than they have made in the past of the facilities of the Canadian Farm Loan Act. In the province of Prince Edward Island I would say satisactory use was made of the Canadian Farm Loan Act but I think it must be said that in the provinces of New Brunswick and Nova Scotia the use made of the farm loan board was only fractional as compared with the overall picture in the rest of the country.

I hope that the farmers in these provinces will, as I have said, make wider use of this new measure and that they will also use it particularly to enlarge their acreage. Therein, I think, lies the main problem in our maritime agriculture, namely that operations are too small. Under this legislation it might be possible for farmers to increase their acreage and thereby make their operations more profitable.

Mr. Harkness: I have just about three short remarks to make. It is intended to make full use of the Veterans Land Act supervisory staff. As far as the administration of this act is concerned I should like to assure the hon. member for Kenora-Rainy River that the length of term of the loan that is proposed will be thirty years. The maximum age for so-called young farmer loans is 45 years. That would mean that by the time the term was up the age would be 75 years and it is considered that is long enough. If the term were 40 years, it would make him 85 years of age and I think most people would consider that is too advanced an age to lay down in a mortgage contract on a package deal of this kind or of the kind that is proposed.

There is just one other point. The hon. member for Kenora-Rainy River made the statement that he had understood me to say that supervision will be provided only if it is asked for. That is not the case. As far as the package deal is concerned, for which the maximum loan on land and chattels is $27,500, supervision must be accepted in order for a young farmer, so-called, to get the loan. Once he has reduced his indebtedness until he owes just 65 per cent of the value of the land or $20,000, whichever is the lesser, then he can withdraw from supervision if he wishes to do so.

Mr. Benidickson: I take it that he applies for a supervised loan or knows that a supervised loan is going to be involved in the type of application that is made?

Mr. Harkness: Yes. As far as any farmers are concerned, whether they are under the ordinary provisions or under the supervised credit provisions, they can secure supervised credit if they wish to do so.

Mr. Benidickson: May I just ask this question. The minister made the broad statement, as I recall it, that there would be no change in objective, that the interest on borrowings under the new corporation, would be for expenses. Does that include these supervised loans?

Mr. Harkness: The supervisory work will be carried on by the Veterans Land Act

administration and they propose to charge the farm credit corporation a small fee for this supervisory service, and that small fee will be charged to the farmer.

Mr. Benidickson: There will be a differentiation in interest rate between part I and part II borrowers?

Mr. Harkness: No. There will be no differentiation in interest rates. However, as I say, if supervision is provided there will be for that supervision a small fee which will be charged by the Veterans Land Act administration.

Mr. Argue: In discussing the Canadian Farm Loan Board provisions a year ago the Minister of Finance at that time, if I remember correctly, said that as far as he knew there would be no increase in the interest rate under the legislation. I have asked the minister to consider whether a ceiling of 5 per cent could be placed on the interest rate under the act. He has not commented on that matter. I wish he would do so. I think that an interest rate of over 5 per cent would be a mistake. I think it would place on the agriculture industry a burden that would be difficult to bear. I wonder whether the minister could give the committee this much information. Can the minister say what he expects the starting rate of interest will be for loans by this corporation? The minister must have some idea when the corporation itself will start functioning. He knows the history of borrowings by the Canadian Farm Loan Board and the amount of the interest rate that will be paid on that indebtedness taken over by the board. Can he assure the committee that at least initially the new corporation will begin with interest rates that are not in excess of 5 per cent?

Mr. Harkness: No. It is provided in the act that the interest rate will be the cost of money to the dominion government plus, as the hon. member for Kenora-Rainy River stated, a small service charge, which is the normal thing in these loans which are made to a province, a crown corporation or anything else.

Mr. Benidickson: Last year we had evidence that the Minister of Finance had interfered with that procedure. Will there be an opportunity for the Minister of Finance to do that or will the corporation be the sole judge of that matter?

Mr. Argue: I know the minister is well aware of the fact that the current cost of money to the federal government is in excess of 5 per cent. If you take the cost of money to the federal government at this time as in excess of 5 per cent, add to it a small service charge and then to that add the cost of administration of the new corporation so that it does not lose money, you will get a very high rate of interest which, in my submission to the minister, will be impossible for the agriculture industry to bear. I hope that that does not happen, but everyone knows interest rates are going up so rapidly now. When we suggest in this house that a new high interest rate is a matter of urgency we are told, quite properly by Mr. Speaker, that this is something that happens practically every week.

Mr. Benidickson: Because there is no policy.

Mr. Argue: We have had a succession of high interest rates. The government itself pays interest in excess of 5 per cent. Add to that a service fee plus the cost of doing business under this legislation, it is possible—I do not say it will happen because I sincerely hope it will not be allowed to happen—that you would get interest rates of 6 per cent or more and saddle farmers with the heavy loans which they need if they are going to have economical units. What you will do in effect is to destroy much of the value which would otherwise accrue by this kind of legislation. I will be speaking out, as will other hon. members I know in this house, most strongly if in the future interest rates under this legislation at any time should exceed the rate of 5 per cent, which in the words of the Canadian Federation of Agriculture back in 1956 is an excessive rate that agriculture cannot bear.

Mr. Badanai: May I call it ten o'clock?

Some hon. Members: No.

Mr. Badanai: Mr. Chairman, I only wish to say a few words in connection with this resolution.

The minister in his statement indicated that under present conditions any young man who starts out farming requires stock and equipment involving a considerable amount of money. Therefore I am encouraged to believe that it means a liberalization of farm loans. If this means the adoption of a liberalized measure which will enable farmers in need of assistance to obtain loans where under the present farm loan act they were turned down, then I am happy to say that the change is indeed welcome and I congratulate the minister for introducing this new act.

My particular concern about this legislation is the actual availability of provisions to the small farmers of the Thunder bay district. I know the minister would say that there is no discrimination in the matter of approval of loans to any farmer large or

small anywhere in Canada. The fact remains, however, that actual experience has shown that the small farmers in my constituency have encountered almost insurmountable difficulties in obtaining consideration for loans. This is not the first time I have had occasion to speak on behalf of the small farmers in the constituency which I have the honour to represent. There are several hundred families living on comparatively small farms, some of which are models of agricultural development; others are in the process of becoming fairly good and prosperous units. There are some, however, which are on the fringe of undeveloped areas and which require assistance; assistance in securing capital to improve their holdings, and loans for the purpose of improving their buildings and the purchase of modern farm equipment.

This bill if it is to perform what it is designed to achieve should be so administered to give consideration to the less prosperous farmers applying for loans. The present farm loan board activities are so restricted that unless an applicant for a loan has collateral assets to the extent that he does not need to borrow he is politely told that his holding does not appear to offer the prospects of being self-liquidating and therefore a loan on this particular property is not warranted.

The farm loan board should also be directed to consider loans to associations of farmers for the purpose of establishing cold storage facilities in addition to the federal grant that the establishment of such cold storage facilities entitle the farmers to, which is now set at not more than $50,000 for any establishment regardless of the total cost of the plant. Another aspect of the benefit which this bill could perform would be direct financial assistance to prospective farmers, people who are ready and willing to settle on the land and make farming their career and life work. This assistance, if extended to bona fide immigrant farmers desirous of acquiring a farm, could mean a new era in the development of our sparsely settled districts of northwestern Ontario. All we would need to bring about a movement toward the land is the active encouragement and assistance of the government which to my mind would rank higher than any other vision that I can think of.

Finally, Mr. Chairman, I would suggest that the proposed new farm mortgage credit board should include a member from northwestern Ontario, someone familiar with farming operations in the region.

Resolution reported and concurred in.

Mr. Harkness thereupon moved for leave to introduce Bill No. C-67, to provide for the extension of long term mortgage credit to farmers.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader of the house would tell us what the business is going to be for the rest of the week?

Mr. Green: Tomorrow we shall commence with item No. 17 on today's order paper, the resolution preceding an amendment to the Maritime Coal Production Assistance Act; then take item No. 6, second reading of an act to amend the Length and Mass Units Act. Then we will take item No. 7, second reading of an act to amend the Weights and Measures Act; then item No. 10, second reading of an act to amend the Export Credits Insurance Act. Then we will take item No. 8, second reading of an act to amend the Criminal Code; then item No. 9, second reading of an act to amend the Combines Investigation Act.

The Minister of Justice will be back at 2.30 p.m. and we will try to put his bills on at 2.30. If something is not finished at the time of the adjournment at 1.00 we will try to finish it before we go on to the Department of Justice bills. Therefore this order will probably mean that some of the trade and commerce bills will follow the Department of Justice bills. Probably on Wednesday we will try to complete these items of legislation and then go on to the defence estimates and those of the Department of Defence Production.

Mr. Pickersgill: It is not proposed to take defence estimates until Thursday?

Mr. Green: Probably they would not be taken until Thursday.

Mr. Pickersgill: Does the minister think he has really given us enough on the menu for tomorrow morning?

Mr. Green: If we find that all that business is completed we could include item No. 18, the international wheat agreement and, probably, item No. 12, an act to amend the Prisons and Reformatories Act. Also, there are some very small bills which could be taken at any time—item No. 3 and item No. 5—and there is a bill which appears today under first reading of Senate bills concerning the agreement with respect to Indian reservations in Nova Scotia.

At thirteen minutes past ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, June 30, 1959

The house met at 11 a.m.

BUSINESS OF THE HOUSE

HOURS OF SITTING ON DOMINION DAY

Right Hon. J. G. Diefenbaker (Prime Minister): Yesterday the Leader of the Opposition brought up a question as to the sittings of the house over Dominion day. I suggest, subject to the approval of the house, that instead of proceeding by a formal motion we might agree to sit tomorrow morning in the usual way from eleven o'clock until one o'clock, and then at one o'clock the adjournment could be made until Thursday at 11 a.m.

Mr. Speaker: Does the house give unanimous approval to the proposal made by the Prime Minister?

Some hon. Members: Agreed.

Mr. Speaker: It will be in order, then, and recorded in *Hansard*, that when the house adjourns tomorrow at one o'clock we rise until 11 a.m. the following day.

HEALTH INSURANCE

NEW BRUNSWICK—ANNOUNCEMENT OF DECISION TO PARTICIPATE

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, in his unavoidable absence from the house my colleague, the Minister of National Health and Welfare, has asked me to make a brief announcement on his behalf. This is a particularly pleasant duty for me, since it involves a matter which will be of great benefit to the people of my home province of New Brunswick.

On Saturday last Mr. Monteith joined with Hon. J. H. McInerney, minister of health and social services for New Brunswick, in signing an agreement under the Hospital Insurance and Diagnostic Services Act. Taking effect on Wednesday, July 1, this agreement will provide comprehensive hospitalization coverage for every resident of New Brunswick. As such I know it will be welcomed by all hon. members as a further important step in bringing this vital health protection to Canadians throughout the country.

Hon. Paul Martin (Essex East): The announcement made by the Minister of Veterans Affairs does not, of course, come as a surprise to members of this house because it appeared in the press yesterday or on Saturday, I forget which. I, at least, heard it over the radio on Saturday, I think it was.

We all welcome this announcement that the province of New Brunswick has decided to enter the hospital insurance scheme. I wonder if the minister could tell us whether or not the agreement provides for the province of New Brunswick taking advantage not only of the offer to extend financial assistance in respect of diagnostic services in hospitals but also for diagnostic services outside? As the minister knows, not all the provinces have agreed to the federal proposal for diagnostic services for outpatients. It would be interesting to know whether or not the province of New Brunswick has gone a step further than the province of Ontario, and accepted both offers from the federal government.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the announcement made by the Acting Minister of National Health and Welfare will meet with the approval of Canadians generally. It means that the majority of the provinces have now provided a progressive hospitalization program in co-operation with the federal government under the national act. This is one instance of federal-provincial co-operation which has brought great benefit in the field of health services to Canadians generally. With this demonstration of the success of the act I hope the government will soon embark on a further extension of this act—

Some hon. Members: Order.

Mr. Argue:—to provide additional national health insurance legislation to include the payment of medical services—

Some hon. Members: Order.

Mr. Speaker: Order. Apparently the house considers, as I do, that the hon. member is going beyond the scope of the announcement.

Mr. Brooks: Mr. Speaker, in reply to the question asked by the hon. member for Essex East I might say that in addition to the basic list of services to patients in hospitals required by the federal act, the plan embodies a broad range of outpatient services. These include laboratory procedures as specified by the commission and furnished by

the provincial laboratories, services for emergency diagnosis and treatment of injuries resulting from accidents, diagnostic and treatment services required for medical rehabilitation and other diagnostic and treatment services as specified by the commission. I believe that answers the hon. member's question.

BUSINESS OF THE HOUSE

COMBINES ACT AMENDMENT—SUGGESTED POSTPONEMENT OF CONSIDERATION UNTIL NEXT SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister a question. In view of the fact that the bill amending the Combines Investigation Act is bound to have important consequences on the Canadian economy, and that those immediately concerned with this legislation including consumers and producers associations and groups would not have sufficient time before the end of this session to make representations about the bill, will the government postpone its consideration by parliament until the beginning of next session, when it could be referred to a committee as has been suggested by many individuals and groups?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Minister of Justice is away today and I am unable to give a final answer to the question asked by the hon. gentleman. However, I do feel that this legislation, important as it is, having been considered over a number of years, should be proceeded with at this session. As to the general question of its submission to a committee, I notice that the hon. gentleman would ask for that only in the event that the legislation did not proceed at the present session.

Mr. Martin (Essex East): No, no. We asked that the other day.

Mr. Diefenbaker: I feel that any further elucidation might well await the return of the Minister of Justice.

EXTERNAL AFFAIRS

FOOD FOR PEACE CONFERENCE—MEETING OF CONTINUING COMMITTEE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether a meeting of the continuing committee dealing with food for peace which on May 7 the minister announced would likely be convened by the end of June has been called, and if not when such a meeting will take place?

Hon. Gordon Churchill (Minister of Trade and Commerce): Yes, Mr. Speaker, the committee was called together in Washington. The Leader of the Opposition asked this question of me just the other day. I thought I had the reply available to give him this morning, but I do not locate it in my papers. I propose giving a report on that matter; perhaps I might do that tomorrow.

[*Later:*]

Mr. Churchill: Mr. Speaker, I have located the answer I mentioned just a minute ago. The Leader of the Opposition asked me a question on June 24 with regard to the Washington meeting on the export of surplus farm products. The wheat utilization committee established by the food for peace conference, on which I reported to the house on May 7 last, held its first meeting on June 15-17 in Washington.

Membership of the committee comprises Argentina, Australia, Canada, France and the United States. The FAO is represented in an observer adviser capacity. The representation at this meeting was at the same level as the preministerial meeting of senior officials held last April. The Canadian delegation on this occasion was led by Mr. John H. English, deputy minister of trade and commerce, and included officials from the departments of trade and commerce, agriculture, finance and external affairs and from the Canadian wheat board.

The purpose of this meeting was chiefly organizational. The principal outcome was the establishment of procedures for the operations of the committee, and guide lines concerning concessional sales of wheat to apply in the selection of recipient countries and the determination of minimum commercial quotas.

Possible schemes of market development and the setting up of national food reserves were also discussed. In this connection a working group at the embassy level was appointed to study and report on these two items for consideration at the next meeting of the committee.

The administrative procedures of the committee were left simple and flexible. The office of the administrator of the U.S. foreign agricultural service will serve as a permanent focal point of contact. The committee will normally convene in the spring and fall of each year at a place to be decided by the committee.

It is expected that the next meeting of the committee will be held next fall in Washington.

Mr. Argue: I have a supplementary question. Can the minister say whether at this meeting any consideration was given to the United States disposal policy with regard to feed grains, particularly its policy of disposing of barley for strategic materials bartered under public law 480 and the way in which this policy has interfered with the Canadian market for barley in the United Kingdom?

Mr. Churchill: I think, Mr. Speaker, all subjects relating to the disposal of surplus grain were under consideration at that meeting.

Mr. Argue: Can the minister say whether the United States gave a satisfactory reply with respect to the invasion by the United States of Canada's market for barley in the United Kingdom?

Mr. Churchill: I am not certain with regard to that point but the matter will be looked into most thoroughly. The hon. member for Assiniboia sometimes uses some rather astounding adjectives which would cause alarm in people who were inclined to be a little nervous, but I shall examine his statement with some care and let him know what the situation is.

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask a supplementary question, and I hope my adjectives will not alarm the minister. At this particular meeting were the increased barter transactions in agricultural products of the United States since last November brought to the attention of the United States delegate to this committee?

Mr. Churchill: Oh, yes, Mr. Speaker. All these matters were under consideration. One of the great values of this wheat utilization committee is that there will be close consultation with regard to all matters dealing with the disposal of surplus food. There will be an avoidance of difficulties among exporting nations when this knowledge is available to them, and available in advance. I think nothing but good is going to come from the meetings of this committee. Heretofore surplus disposal transactions have been carried on and exporting countries have perhaps heard about them after they were completed. Now the hope is, and I believe it will be fulfilled, that proposed surplus disposal projects will be announced to the committee. There will be consultation and there will be an opportunity for all the exporting nations to participate in some of these projects. That is a great advance over what has prevailed in the past.

Mr. Pearson: May I ask the minister whether he proposes to use this committee to inform the United States in advance of surplus agricultural disposal policies of the Canadian government before they are put into effect?

Mr. Churchill: Oh, I would think so. In fact over the last two years we have maintained very close co-operation with our opposite numbers in the United States concerning transactions having to do with the disposal of grain. We have done the same with Australia, and it has worked very satisfactorily. I see no reason why that should not be done under these circumstances.

FISHERIES

NEW BRUNSWICK—SALMON FISHERMEN, LIFT PERIOD AND STORM DAMAGE

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct two questions to the Minister of Fisheries. Has the minister arrived at a decision in connection with the request of Miramichi salmon drift net fishermen for the elimination of the two weeks lift period for this season? Also, can the minister advise the house whether any plans have been formulated to date toward rendering assistance to Miramichi salmon drifters and lobster fishermen who suffered extreme losses of boats, nets and gear in the recent tragic storm?

Hon. J. A. MacLean (Minister of Fisheries): In connection with the first question may I say that any change in the regulations will require an order in council. I am making a recommendation designed to meet this situation, but it is not in the exact terms of the question asked by the hon. member. However, very shortly I hope to be in a position to add to my reply to this question in more definite terms.

With regard to the second question may I say this. As the hon. member is aware, the Department of Fisheries provides a subsidized insurance system for fishermen with regard to boats and lobster traps. In many cases I believe insurance was carried. Ever since the storm occurred all available men from my department have been in the area to assess claims so that any claims payable may be made as quickly as possible. There are, of course, cases in which insurance was not carried, but I must say that in connection with a disaster of this type, the first responsibility rests with the provincial level of government. However, I am sure that any requests which may come through that channel for assistance would be very sympathetically considered by this government.

Inquiries of the Ministry

UNEMPLOYMENT INSURANCE

ADVISORY COMMITTEE—INQUIRY AS TO APPOINTMENTS

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of Labour if he is now in a position to say whether the vacancies on the advisory committee of the unemployment insurance commission have been filled as the result of nominations by the labour organizations concerned and the Department of Labour?

Hon. Michael Starr (Minister of Labour): All the names have not been submitted yet and the matter has not been finally completed. However, we expect to make the appointments within the next few days.

Mr. Martin (Essex East): May I ask the minister if he has offered the members who resigned, Mr. Burt, Mr. Andras and Mr. Marchand, the opportunity of continuing in their function?

Mr. Starr: I wrote letters to the Canadian Labour Congress and the Canadian and Catholic Confederation of Labour asking them to submit names for consideration.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR AGENDA OF FORTHCOMING MEETING

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in the absence of the Minister of Finance may I ask the Prime Minister whether he will inquire of the Minister of Finance if it will be possible to make a statement to the house tomorrow on the agenda of the forthcoming dominion-provincial conference?

Right Hon. J. G. Diefenbaker (Prime Minister): I will try to have that available tomorrow. I hope the Minister of Finance will be back from his enforced absence in the company of the Queen. If he is not, I hope I shall be in a position by Thursday to make such a statement.

IMMIGRATION

SANDOR SZILAGYI—REQUEST FOR SYMPATHETIC CONSIDERATION BY MINISTER

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Citizenship and Immigration if a decision has yet been reached about the Hungarian refugee who was detained in Toronto and whose case was under consideration some little time ago and referred to in the house.

[Mr. MacLean (Queens).]

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): No, Mr. Speaker, the matter has not been concluded as yet, and no decision has been reached.

(Translation):

INQUIRY FOR RETURNS

PRINTING BUREAU CONTRACTS, QUEBEC—ATLAS OF CANADA

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I direct a question to the Secretary of State. Is he in a position to give me, very shortly, particulars about the questions I asked on the 22nd?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, as soon as I receive the information requested by the hon. member for Hull, I shall table it.

(Text):

MARITIME COAL PRODUCTION ASSISTANCE ACT

AMENDMENTS EXTENDING APPLICATION, INCREASING AMOUNTS OF LOANS, ETC.

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Maritime Coal Production Assistance Act to extend the application of the act to coal producers in all parts of Canada; to provide that the aggregate principal amount of loans made to coal producers under section 6 of the act shall be increased from ten to twenty million dollars and that the aggregate principal amount of loans made to any one coal producer under the same section shall be increased from seven and one-half to twelve million dollars; to extend the operation of the act from the 31st day of October, 1959 to the 31st day of October, 1964; and to authorize certain amendments to the agreement made under the act with the Dominion Coal Company Limited for the purpose of varying the terms of repayment of principal and interest as provided under section four thereof.

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

Mr. Comtois: Mr. Chairman, the resolution submitted states, in brief, that it is expedient to extend the provisions of the existing Maritime Coal Production Assistance Act by an amendment to that legislation.

The Maritime Coal Production Assistance Act was studied and passed by parliament in 1949, and provided a fund of $10 million that could be advanced to coal producers in the Atlantic provinces in the form of interest bearing loans to be spent to increase the efficiency of coal production by means of mechanization. The act provided that no loans could be made after October 31, 1959 which, in effect, limited the period to 10 years.

Under this act the operators have been given the opportunity of obtaining loans that might not have been readily available from the usual financial sources. Those who have negotiated loans have also benefited from the special depreciation allowances on the capital cost set out in the act. Since the inception of the act 15 loans have been approved to various coal operators, in the amount of $9,997,101, thus using practically all the funds allotted under the legislation. Of the 15 loans, five have been repaid in full and all others are in good standing as to repayments of capital and payment of interest to May 31, 1959 under the terms of the agreement covering each loan. These loans have all borne interest at rates approved by the Minister of Finance.

Annual reports with respect to the operations under this legislation have been submitted to parliament. The last report covering the operations for the year ending March 31, 1959 was tabled on Monday, April 13, and members will find full details therein of the position of the fund at the close of the fiscal year.

This legislation has been a distinct success in its assistance to coal operators. While costs of producing coal have risen along with costs in all other phases of industry, the help given by the mechanization projects financed under the act has had the effect of increasing the efficiency of mining coal, with the result that the increases in cost have not been as great as they would have been without this help.

The operation of this act has been closely followed by the Dominion Coal Board, and the board have recommended (a) that the provisions of the present act should be extended for a further period of 10 years; (b) that since the funds provided have been exhausted, a further $10 million be made available, and (c) that the assistance be made available to all coal producers in Canada. It is therefore proposed to introduce an amendment to the present legislation which will:

1. Make it a national act so it will apply to all coal mine operators in Canada;

2. Increase the aggregate amount of loans that may be made by another $10 million;

3. Extend the time limit by five years to October 31, 1964;

4. Increase the amount which may be loaned to one operator from $7,500,000 to $12,000,000.

The amendments proposed will also provide authority for a revision of the agreement made under the act between Her Majesty and the Dominion Coal Company Limited. Representations were made by the company last year for some changes in the schedule set out in the agreement of repayments on their loan of $7,500,000. These representations were considered, and it was deemed advisable under existing circumstances to alter the schedule of repayments under the agreement. This revision will:

1. Allow the company to make no further repayments until June 30, 1963, at which time they will again commence repayment at six month intervals based on 30 cents per net ton of production.

2. Increase the interest rate to 4 per cent per annum from 3½ per cent per annum as from July 1, 1957.

In 1957 Bill No. C-54 was introduced authorizing amendments to the original act, intending to meet the representations made by the company. This bill was passed by this house on August 18, 1958. Unfortunately the provisions of this amendment did not fully cover the difficulties, and it remains necessary to clarify the matter by further amendment. The proposed revision provides that the total loan to this company will be fully repaid by June 30, 1970, as set out in the terms of the legislation.

In conclusion, Mr. Chairman, I would repeat my earlier statement that this legislation has been of great assistance to our coal producers in modernizing their methods, in promoting stability in production, and in helping Canadian coal to meet the intensified competition from other fuels. It is our belief that the extension of the assistance in time, in funds, and particularly to all operators across Canada, is timely and will be of even greater benefit to the industry.

Mr. Robichaud: Mr. Chairman, we of the official opposition have followed with interest the statement just made by the minister in introducing the legislation having to do with amending the Maritime Coal Production Assistance Act.

As was stated by the minister, the purpose of the present amendments to the Maritime Coal Production Assistance Act is first to extend the application of the act to coal producers in all parts of Canada. Mr. Chairman, we welcome this change, which has been made necessary by the present position of the coal market in this country. I would like the minister to tell us before this resolution is passed if it is the intention of the government to change the name of this act, or will it remain under the name of the Maritime Çoal Production Assistance Act? The minister has stated that the act will now be applicable to Canada as a whole, and I wonder if it is the intention of the government to change the name of the act.

The minister has also stated that the purpose of this amendment is to increase from $10 million to $20 million the fund made available for loans under this act. As the minister has stated, this act has been beneficial to the coal industry. It has made

possible the modernization of our coal mines which in turn has made it possible to increase production without a corresponding increase in cost.

In answer to a question I asked in this house on February 23, 1959 we were given the details of the loans made under the present act, and as the minister has said five of these loans have been repaid in full. I may note at this point that four of these loans which have been repaid were made to coal producers in the province of New Brunswick.

I also note that it is the intention of this amendment to make it possible for any one coal producer to increase his loan from $7,500,000 to $12,000,000. I presume that the purpose of this amendment is to make possible a further loan to the Dominion Coal Company for the purchase of a washing plant. I hope the Dominion Coal Board will see fit to recommend to the government that such a loan be granted. It is urgently needed by the company concerned in order to make it possible for this company to compete in the coal market.

The amendment to this act which we are asked to pass will also, as the minister has stated, include a further amendment to the present legislation. We know that this act was amended in 1958, but apparently there was an omission at that time in that the government or those who prepared the amendment failed to realize that the loan made to the Dominion Coal Company could not be extended under the existing terms of the act. We will definitely support the amendment which will make possible the extension of the present loan.

Mr. Chairman, the minister has made it clear that this legislation has been a distinct success in providing assistance to coal operators. This is legislation which was introduced by the previous administration. It has been of great benefit to the coal producers of this country and, as I said at the outset, we of the official opposition will be pleased to support this bill. Before this resolution is passed, however, the minister might inform the house if any further action has been taken following the announcement by the Prime Minister on March 17, when he said that a thorough study of the long term market prospects for coal was urgently required and that meetings were to be held with the government of Nova Scotia and the coal companies concerned. I hope the minister is now in a position to inform the house what action is being taken in this regard.

We in the official opposition realize the importance of this amendment, also, inasmuch as it is likely to benefit the marketing of coal in this country. It is unfortunate that coal production has decreased very substantially during the month of May, as shown by figures recently released by the dominion bureau of statistics. In fact Canadian coal output slumped 32 per cent in May, to 562,000 tons from 823,114 tons a year earlier, according to these figures. Moreover, this decrease in the production of Canadian coal took place during a period when landed imports were 21 per cent higher, at 1,308,543 tons as against 1,079,754 tons in May of last year. I hope the minister and the government will look into this matter very seriously, as it may have a very serious effect on the marketing of Canadian coal.

We shall wait until we see this bill, but I repeat that on this side of the house we will support it in principle and do everything in our power not to delay its passage.

Mr. Peters: We in the C.C.F. group also support this resolution, but would like to point out several things which we think are missing. First of all, this is the second time in a period of a year when the Maritime Coal Production Assistance Act has been amended, and I think this is another example of Conservative policy with regard to all matters of major importance; no consideration has been given to the long term problems involved and no care has been taken to relate this bill to other acts which are similar in character. For example, a short while ago we passed a national energy act and this present bill, which is concerned with coal production, should obviously come within the scope of that act.

The present amendment adds another $10 million to the fund available under the act, which was set up to assist coal production in the maritime provinces and to help modernize mining equipment. We are pleased that the minister has seen fit to extend this assistance to all Canada, but unless the bill is extended in scope and further amended it can never become a national fuel act and can play no part in any Canadian national fuel policy. We suggest that the minister should consider setting up a national fuel production board which would concern itself with all forms of fuel and come within the scope of the national energy act. However, we welcome the decision to make this additional money available, because mining conditions in the maritimes are becoming increasingly more difficult and the need for improved and more modern machinery to take care of deep and dangerous mining conditions is constantly increasing.

We welcome also the decision to make this act national in coverage, because these same problems are arising in all the coal production areas of this country. We think the $20

million which is now to be available will probably be sufficient to modernize the remaining mines in Canada, but once again I urge the minister to give serious consideration to setting up a national fuel board and bringing this and other acts of a similar nature within the jurisdiction of that board so they might be studied in the light of a national fuel policy which would take into consideration all the forms of energy available to us so these resources could be utilized in the best possible way to the advantage of the Canadian people.

Mr. Comtois: There was a question asked by the hon. member for Gloucester about the name of the new act. This new act will be named the Coal Production Assistance Act. We thought it would be fitting to change the name. A question was also asked about the amendment which is being made to the act, and if I remember well it was about the maximum loan now to be permitted. In the event that a loan is granted to the Dominion Coal Company we must extend the maximum to $12 million, because the first loan granted to the company was $7,500,000 and if the act were not amended the highest loan which could be granted would remain at $7,500,000. That is why we wish to amend the act. Under the first act, the maximum was $7,500,000, and so, in order that this loan may go through, if it does go through, we must raise the limit from $7,500,000, to $12 million.

The other questions will be answered when the bill is discussed. I thank the hon. member for Timiskaming for his suggestion, which will be studied and considered. That is all I have to say at the present time.

Mr. Regier: Is the minister able to tell us whether the coal producers of Alberta, British Columbia or Saskatchewan have asked for this amendment? If so, can he tell us if there has been any indication as to which of the provinces is likely to take advantage of the legislation?

Mr. Comtois: Yes, Mr. Chairman. Every coal producer in Canada may take advantage of the new act and apply for a loan.

Mr. Regier: I understand that every producer will be able to take advantage of it, but has the minister received any indication from the coal producers of Alberta, British Columbia or Saskatchewan to the effect that they do intend to take advantage of the act? If so, in what province are the mines located that intend to take advantage of it?

Mr. Comtois: I cannot give details, but if my understanding is correct two or three mine operators have advised us that they intend to apply for loans.

Mr. Regier: Can the minister say if these mines are in Alberta, British Columbia or Saskatchewan.

Mr. Comtois: I cannot say, but I shall obtain that information.

Resolution reported and concurred in.

Mr. Comtois thereupon moved for leave to introduce Bill No. C-68, to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company Limited.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. McCleave): When shall the said bill be read a second time?

Mr. Comtois: Later this day, if the house agrees.

Mr. Robichaud: Provided the bill is available so we can have a look at it.

Mr. Comtois: Of course.

The Acting Speaker (Mr. McCleave): Shall the bill be read a second time later this day?

Some hon. Members: Agreed.

LENGTH AND MASS UNITS ACT

AMENDMENT CHANGING VALUE OF POUND IN RELATION TO INTERNATIONAL KILOGRAM

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill No. S-20, to amend the Length and Mass Units Act.

He said: Mr. Speaker, I have just a short statement to make with regard to this very small amendment. The Length and Mass Units Act is chapter 164 of the Revised Statutes of Canada, 1952. This act was passed in 1951. At that time the hon. member for Ottawa West gave a learned discourse to the house on what is a highly technical subject. For those who would be interested in reading that discussion it may be found at page 3474 of *Hansard* for May, 1951.

In the act the Canadian yard and the Canadian pound were related to the international metre and the international kilogram. This did away with the necessity of having specific physical copies representing the Canadian yard and the Canadian pound. This action had two main advantages; the Canadian weights and measures system was tied directly to the most satisfactory international system of measurement, and the most permanent standards of length and mass in the world became the basis of the Canadian units of measurement.

Length and Mass Units Act

The ratio defining the Canadian pound was taken as the original conversion factor relating both the United Kingdom pound and the United States pound to the kilogram. However, in 1951 it was recognized that the English pound had decreased somewhat in size, creating a difference between it and the United States pound. At that time it could not be foreseen what ratio would be chosen by the United Kingdom and the United States to unify their two pounds. In using the originally accepted ratio relating the pound to the kilogram in the 1951 legislation the need for later revision of the act was foreseen when the United Kingdom and the United States reached agreement.

Over the last three or four years discussions have taken place among these countries to endeavour to resolve the existing differences. A major part in those discussions has been carried on by Dr. L. E. Howlett of the national research council of Canada. An agreement was reached and announced on January 1, 1959 relating to the international yard and the international pound and giving the figures. The international yard equals .9144 metre and the international pound equals .45359237 kilogram. This then necessitated a change in the Length and Mass Units Act altering the last two figures after the decimal point from 43 as now appears in the act to 37. No change is required for the yard-metre ratio but this slight alteration is required for the relationship of the pound-kilogram. The change is significant only in measurements of the highest precision, and does not affect ordinary commerce and industry.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, the legislation with which we are dealing is of highly important significance to those working in certain types of advanced scientific work, but has no significance in ordinary trade and commerce. I think it is well to draw to the attention of the house a little of the background of the legislation.

Canada's units of measurement of length and mass had been governed by the weights and measures legislation. We had accepted the standards which we obtained from the British government in 1873. It is interesting to observe that by 1951 the variation in the standards concerned were of such significance as to be important in certain advanced scientific work. It is an indication of the development of this field in Canada and indeed an indication of the development in some of the advanced technology in our production field arising out of developments subsequent to the war that such fine adjustments became of significance.

In 1951 the standards were taken out of the Weights and Measures Act and a separate act was created defining those standards in terms of the international metre and kilogram, and also providing in the Weights and Measures Act that our Canadian national research council should be charged with maintaining our Canadian unit for industrial and trade purposes.

I was glad to hear the minister acknowledge what I and I think all hon. members who have studied this subject will regard as the very splendid work being done in this field by the national research council division headed by Dr. Howlett. It is outstanding work and the type of work of which I think the Canadian government and the Canadian people will be proud.

The actual legislation itself, as I understand it, involves agreement among a great many of the trading countries in the world as to this more precise measurement. In 1951 we did not have that final agreement bringing in the main, the United States and the United Kingdom governments and ourselves together on the precise unit. As I understand this legislation, we now have that agreement and the legislation merely puts in legislative form the result of that agreement. Actually, as I understand it, it reduces the weight of our pound by six one hundred millionths of a kilogram. I think that is the correct way of expressing it.

It will be seen that reduction is of scientific significance only. However, it is interesting that over the 80 years during which we were on the other standard in this respect there was a variation in the British standard bar but during that time there was practically no variation in the international metre. It is one of those things which are perhaps easy for the scientist to explain but which are rather difficult for the layman like myself to follow.

There is, of course, an advantage in this legislation, namely that of getting a scientifically accurate unit. There is also a further advantage in that this indicates that we have obtained international agreement among many nations on this subject. I should be glad if the minister, in his closing remarks, would indicate the countries which will be adopting this standard. I think there are some seven or eight of them, as was indicated in the other place.

Mr. Churchill: If the hon. member has them readily available perhaps he would not mind giving them. I have not that information in front of me.

Mr. McIlraith: I have it here somewhere among my papers but I have not it at hand at the moment.

Mr. Churchill: I forgot to bring that information down with me.

Mr. McIlraith: In the explanatory note to the Weights and Measures Act—and the amendments to that act are merely consequential on the amendment we are making to this act—they are indicated. I think they should be placed on the record. There is, of course, the other larger question involved in this matter, namely that of having the metric or some standard unit adopted throughout the world. However, that is another question and I will not develop it here. I hope the minister will continue to see what progress can be achieved in having a more uniform and simpler system adopted by more and more countries of the world. As I say, that is perhaps another question and we can at this point perhaps leave the matter at that.

I do not think I have anything more to say on this particular bill. I think the amendments to the Weights and Measures Act are consequential on this one and perhaps it will not be necessary, as far as I am concerned, to repeat my remarks on that bill.

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

On clause 1—*Mass.*

Mr. Argue: Can the minister tell us how many countries in the world have been party to the international agreement which I understand superseded the change that is contemplated in this legislation? The morning press carries a story pointing out the leadership that Dr. L. E. Howlett of the national research council has given in this field, and the way in which Canada has acted as a mediator to bring more closely together the nations which have used or still use different standards of weights and measures. Can the minister tell us just how extensively changes similar to this are being made in other countries?

Mr. Churchill: My information is that the international agreement was arrived at among Canada, New Zealand, the United States, the United Kingdom, South Africa and Australia. I thank the hon. member for drawing attention to the article in the *Globe and Mail* this morning which carries a summary of some of the work that has been done by Dr. Howlett over the last few years and gives an indication of his continuing endeavours to achieve these standards of measurement and standards of weight that will be accepted throughout the world. I think it is a highly desirable objective.

Mr. Argue: On that point may I say this, though I am not certain that it is completely relevant to this measure. There have been many reports from time to time that Canada might adopt the metric system for the sale of our grain. I am wondering whether there has been any change or any contemplated change from the standard bushel as we have known it in order to bring transactions throughout the world on a more similar basis.

As the minister knows, a great deal of thought has been given to this matter. Some of the commercial interests in the grain business are anxious that this be done. There are many people who support this step being taken. I know there are certain impediments, but I am wondering if the minister can say whether this further step toward international agreement with regard to weights and measures is likely to be taken by Canada.

Mr. Churchill: My attention has been drawn to the subject matter referred to. I do not know of any immediate steps that are likely to be taken, but in any case it would have to be a matter of consultation among Canada, the United States and the United Kingdom if the change to the metric system was to be made for the grain trade. The metric system, of course, is legal in Canada and there is no problem there. However, the problem would be in getting international agreement for that purpose. I do not know to what extent the matter is being pursued currently, but there would be an advantage in international trade if the standards were the same.

Mr. Chevrier: Are there not a number of countries which have adopted the metric system? It has been brought to my attention that at a recent convention in Canada there was a resolution adopted recommending the metric system. Has the minister any ideas on whether it would be advisable for our country to join those other countries which have found it advisable to follow the metric system? I understand that since the last war the metric system has been officially recognized in nine countries. The point of my intervention is whether the minister or the department has given any consideration to this matter.

Mr. Churchill: I have not the information at hand. I know that discussions have been carried on along that line. I think the same problem was raised when the hon. member for Ottawa West was introducing this act in the house in 1951. However, I have not the answer to the hon. gentleman's question.

The Acting Chairman (Mr. McCleave): Shall clause 1 carry?

Mr. McIlraith: Just before we leave that clause may I say this. There has been quite a development on that point since the act concerned was introduced and dealt with by the house in 1951. I wonder whether the minister would follow the subject up, and perhaps we could deal with it on some other item of business before the house on another occasion. It seems to me that this is something that should be followed up. I am quite sure there has been considerable development internationally on the subject since 1951.

Mr. Churchill: I will follow it up, and the opportunity will arise when the estimates of the department come before the house again.

Clause agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WEIGHTS AND MEASURES ACT

AMENDMENT CHANGING VALUE OF POUND IN ACCORDANCE WITH INTERNATIONAL AGREEMENT

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill S-21, to amend the Weights and Measures Act.

He said: Mr. Speaker, this is consequential upon the amendment just made by the bill altering the Length and Mass Units Act. The Weights and Measures Act is chapter 292 of the Revised Statutes of Canada, 1952, and was passed in 1951. The bill was introduced on that occasion and piloted through the house by the hon. member for Ottawa West (Mr. McIlraith). Anyone interested in reading the debate at that time will find the reference at page 3780 of *Hansard* for June 6, 1951.

One of the fundamental changes dealt with the primary standards of length and mass. With the enactment of the Length and Mass Units Act, while the standard unit of extension, that is length, and the standard unit of weight remained the yard and the pound respectively, their values were henceforth to be determined in terms of the international metre and the international kilogram. The relationship of both has now been established by international agreement, as I mentioned a few moments ago, among Canada, New Zealand, the United States of America, the United Kingdom, South Africa and Australia, and is to be implemented by legislation in the countries concerned.

The value for the yard established by the agreement is that at present incorporated in the Length and Mass Units Act. The value for the pound is changed by approximately one part in 7½ million. If hon. members will refer to schedule 3 of chapter 292 of the statutes they will see the details set out there showing the former relationship of the pound as expressed in kilograms and we are now making a change in the last two figures from "43" to "37", so that the new relationship will be

$$\frac{45{,}359{,}237}{100{,}000{,}000}$$

As the Weights and Measures Act incorporates the values in the Length and Mass Units Act, the amendment to the latter in the pound-kilogram relationship must be carried forward to the Weights and Measures Act. Additionally, the Weights and Measures Act incorporates schedules for metric equivalents, and those relating to the pound will therefore require revision.

The physical reproductions of the yard and pound values, known as "reference standards", are calibrated and certified by the national research council. From these "local standards" are calibrated and certified for the use of the weights and measures laboratory and field inspection staff. The amendment is a technical one, and does not affect the practical administration of the Weights and Measures Act.

(Translation):

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the minister will allow me to say a few words in French in connection with the metric system about which I asked a question a few moments ago because there was brought to my attention a recommendation submitted at the convention of the Canadian Association of Geographers in May 1958, which favoured the adoption of the metric system by geographical and geological organizations in Canada. I would like to make a few brief remarks in connection with that recommendation and read the resolution without, I am sure, in the least delaying the passing of this bill.

According to my information:

The metric system has the incomparable advantage, from the scientific and practical points of view, to be the only one based on the decimal system of which all geometrical, electrical, calorific, mechanical, optical and mass units as well as their sub-units logically derive from one another and are interrelated on the aforesaid basis by decimal multiples and sub-multiples.

Hence, because of its very clarity, consistency and efficiency, the metric system has, since its creation in 1801, rapidly become the most popular system of measurement in the world. It is now applied in the whole of Europe (except for the British Isles); in all countries of Central and South America (except for a few islands, or English and American zones); in most of the more important Asiatic countries, among which Japan since April 1951, India since June 1957, the Philippines, Indonesia, Indochina, without mentioning China, which

is about to decide to adopt it; in all French, Spanish, Portuguese, Belgian and independent territories of Africa, save the English colonies.

As a matter of fact, it is significant in this respect that former English colonies like India and the Sudan, Palestine (Israel and Jordan) should have officially adopted the metric system as soon as they became independent.

Thus, not only is the metric system in current use by more than 1½ billion people, that is more than 60 per cent of the entire world population of 2½ billion people, but it is also gaining ground every year. Even in countries traditionally attached to the English system, the metric system has become practically the only one in use and recognized by most scientific branches such as medicine and pharmacology; botany, zoology, paleontology and crystallography; astrophysics and globe physics, mineralogy, geology, oceanography and glaciology,—as an example in this field, the Journal of Glaciology of London has adopted the metric system as the only official one in its pages,—meteorology,—temperature readings by radio observation are given the world over in centigrade degrees. Finally, in the military field, in May 1957, the American army decided to adopt the metric system to be on a par with most of the great armies of the world.

Finally is it necessary to emphasize that all measurements related to research work carried out under the international geophysical year programme will be published by all nations without exception in the metric system only.

In view, on the one hand of the superiority of the metric system in that it is the only system whose units in every class or category and in their relationships are all based on decimals and, on the other hand, of all the mentioned facts concerning its more and more exclusive use and establishing it as the only scientific system of measurement which is truly universal, it is suggested that all members of the Canadian Association of Geographers as well as all scientific bodies represented there, accept the principle of henceforth submitting in the metric system all measurements involved in their work or at least of writing them down together with their English system equivalents.

1. To provide for wider circulation and immediate understanding in international scientific circles, of works published in Canada, thus avoiding tiresome measurement adjustments to readers of such works.

2. In order that, on a long term basis, the use of the metric system in sciences may provide a desirable transition before the final and general extension of the metric system throughout Canada.

Mr. Speaker, I wanted to emphasize this resolution, or rather this recommendation which was unanimously adopted in 1958, not only to bring the matter to the minister's attention, but also to ask him, as I was saying, whether it would not be desirable to consider going over to the metric system in Canada. Of course, after reading the above resolution which, as we all realize, is quite technical, I shall not attempt to discuss its pros and cons. All I ask of the minister is that, in view of the fact that so many countries in the world are considering adopting this system, would it not be wise for us, in Canada, at least to consider the matter and to determine, as is claimed in this resolution passed in 1958 by the convention of the Canadian Association of Geographers, whether we should act upon this recommendation?

I therefore ask the minister, before we are through with his bill, to kindly let us have his views on this proposal.

Mr. L. J. Pigeon (Joliette-L'Assomption-Montcalm): Mr. Speaker, some weeks ago I suggested to the House of Commons that it should consider the possibility of adopting the metric system nationally. I find that the hon. member for Laurier (Mr. Chevrier) has seized upon my idea. At any rate, the suggestions I then made when we were discussing research on a resolution introduced by a member on the government side still holds good.

The metric system is in force today in a great number of countries. In fact, 60 per cent of the world population are using the metric system. I submit that the use of the metric system at the national level would help promote our trade.

At this stage of my remarks, Mr. Speaker, I would like for a few moments, to show the advantages incidental to the use of the metric system in the economic field. In the first place, it would promote and develop trade with the countries using the metric system. The exports towards these countries represent 20 per cent of the total value of the Canadian exports.

Second, if we adopted the metric system the existing confusion between the different definition of the Canadian and American land and gallon would disappear. Besides, it should be noted that should we adopt the metric system our trade with the United States or Great Britain would not be affected since this system of measurement is legal in both countries, even though it is not yet compulsory nor official.

United States: MS (optional) an Act passed on July 28, 1866 adhesion to the agreement on the meter in 1875. Great Britain: (optional)—an Act passed on August 26, 1897 adhesion to the agreement on the meter in 1884.

In the scientific field, the metric system would make Canadian scientific works accessible to scientific groups in the whole world.

The metric system has always been used in educational institutions, universities, research laboratories, and even, I think, in the national research council.

I am surprised to find that the hon. member for Laurier is now supporting the suggestion I put forward recently, because during many years he served as a minister of the crown, and in that capacity he certainly had an opportunity to influence his distinguished colleagues towards the adoption of the metric system by his government.

All I ask at this stage is that the Minister of Trade and Commerce (Mr. Churchill) consider extending the use of the metric system on a national basis. It is not a matter of making undue haste, but I am merely promoting the idea. I am sure the minister will be pleased to consider the suggestions I have just put forward.

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, may I direct a question to the hon. member?

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I would not like the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) to get a false impression from the remarks I made a moment ago. I would not want the hon. member to believe for one moment that I have been borrowing one of his ideas. If it is his idea, let him take full credit for it. My only purpose in rising—

(Text):

The Acting Speaker (Mr. McCleave): Order. Is the hon. member for Laurier rising on a point of order or a qeustion of privilege?

Mr. Chevrier: I am not rising on either, Mr. Speaker. I am rising to deal with the matter which is now before the house and to give an explanation of certain remarks made by the hon. gentleman who has just taken his seat. However, if the Chair thinks I am out of order I believe I can make these remarks on second reading of the bill. I thought I could save time by making them now.

The Acting Speaker (Mr. McCleave): These remarks are being made on second reading of the bill. If the hon. member is making them by way of explanation the Chair will grant the privilege of making a brief explanation.

Mr. Chevrier: That is the purpose of my remarks.

(Translation):

Mr. Speaker, I only wanted to point out to the house that I had not the least intention to take the credit that another member deserved in regard to the discussion of the adoption of the metric system. I wished only to draw the attention of the Minister of Trade and Commerce (Mr. Churchill) to the possibility of studying the adoption of the metric system.

I do not want to hurt in any way the feelings of the hon. member for Joliette-L'Assomption-Montcalm, but I must tell him that it is not a new idea, for it has been submitted on many occasions—

Mr. Johnson: For many centuries.

Mr. Chevrier: I do not know if the idea goes back many centuries, but it has been suggested quite a long time ago.

In regard to the occasions that I could have had myself to discuss that matter when I was a member of the cabinet, may I say to the hon. member that, if I understand the matter correctly, its adoption requires an international agreement. In my opinion, Canada would have to study the adoption of that system and enter into an agreement with the other countries, as the bill now before us has been adopted following some agreement.

I wanted simply to reassure the hon. member. Instead of being his competitor in so far as the adoption of that system is concerned, I will support wholeheartedly, in so far as I understand the bill now before us, any measure the purpose of which would be not only to study that system, but also to promote its adoption in this country, and this perhaps after we have entered into agreements with the other countries that are interested in it.

Mr. Pigeon: Mr. Speaker, I am happy to hear the hon. member for Laurier speak in that manner—

(Text):

The Acting Speaker (Mr. McCleave): Order. The hon. member has already spoken once in this debate. The Chair erred in allowing the hon. member for Laurier to continue at great length for a second time, and I would ask hon. members to refrain from further carrying on that particular discussion.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have a small point which has struck me. We are in a somewhat fortunate position in having this measure piloted through the house by the Minister of Trade and Commerce, because I understand he was formerly a teacher of mathematics. I have listened to the argument of the hon. member for Laurier suggesting that this government look into the question of an international agreement for the use of the metric system in Canada. Before second reading passes I

am sure the minister with his knowledge will be only too pleased to inform us lesser lights in the house of the scientific reasons for the advantage in using the metric system in Canada, the commercial value of using the metric system and, shall I say, the economic arguments against its adoption at this stage.

The Acting Speaker (Mr. McCleave): I would inform the house that if the minister speaks now he will close the debate on second reading.

Mr. Churchill: Mr. Speaker, I have listened with interest to the remarks of the various hon. members on this bill and have taken note of the emphasis placed on the importance of attempting to get universal adoption of the metric system. I have heard about this ever since I first started school and learned that there were such things as metres and grams.

The hon. member for Kootenay West has misjudged my background. I am no mathematician of note at all. In fact I had some difficulty with mathematics in my college years. Prior to that I was successful, but it got rather involved at the college level and I find it a bit involved at this particular level at which Dr. Howlett is very proficient. I think we can rest assured that our people in the national research council will pursue the objective which is in the minds of hon. members. I note that another meeting on the international level is to be held in Paris in October, 1960, where Dr. Howlett will have some suggestions with regard to a new method of measurement based on the wave length of a particular light.

Mr. McIlraith: Wave length of light as a unit of measurement?

Mr. Churchill: Yes, using that as a unit of measurement. From what has been done already in these international conferences, I think public opinion will be formed favourable to the universal adoption of the metric system, but it is a long, slow process and has been going on throughout my lifetime.

In conclusion, Mr. Speaker, this particular bill is simply suggesting an amendment which is consequential upon the one which we passed earlier.

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

On clause 1.

Mr. Broome: I would just like to spend one and a half minutes on this measure. I have listened with a lot of interest and my remarks may be a little bit out of order, but I hope you will show me some leniency, Mr. Chairman. There is one industry in Canada which is entirely on the metric system, as the same industry is in the United States and the United Kingdom, and that is the industry which manufactures ball bearings, thrust bearings, needle bearings, and so on. I believe the optical industry is also very much on the metric system. But it is much easier for an undeveloped country to change to the metric system than it is for a country which is well industrialized, because we have a background of machinery, equipment, measuring apparatus, customs, and so on, set up which would make it very difficult to change to the metric system even though it is perhaps advisable. I think there ought to be a lot of study put into the subject, and the growth toward the metric system will be by industrial application and not any over-all legal measure.

Mr. McIlraith: Mr. Chairman, I do not want to develop an argument as to the merits of the metric system at this point, but I think the hon. member for Joliette-L'Assomption-Montcalm did not fully understand some aspects of the matter, according to his remarks in relation to the speech made by the hon. member for Laurier. It is perfectly legal to use the metric system in Canada if anyone wants to, but the difficulty does not arise out of the definitions of the units of length and mass. The difficulty is in the field of commercial relationships which put this country with the United States and the United Kingdom, which in the main do not use the metric system. There is a problem there which involves agreement with those countries with which we have such a high volume of trade. It is not just a simple matter of deciding what we would want for internal use in this country, but of deciding on the implications in relation to those countries with which we do a great volume of commercial trade and have a great exchange in a wide range of products.

For instance, the volume of trade with the United States is very large, and much machinery and equipment is bought from the United States where the metric system is not used. The same is true of the United Kingdom. So it is a matter of seeking to work out some international agreement, and not something where, if one wishes to criticize the former government, one can say, "Why was this not achieved?" It is not within the exclusive jurisdiction of the government to achieve it and I could not, even if I wished to, criticize this government for not having achieved that result, assuming we decided it was wholly a desirable objective. It is not quite as simple as that. That is all I wanted to say about that point,

but I thought in fairness I should draw that to the attention of the committee.

There is a very interesting little sidelight to this Weights and Measures Act which may be of interest to hon. members. In the 1873 legislation there were standards which are referred to in schedule IV of the 1951 Weights and Measures Act. One copy was with the minister of inland revenue, as he was then called, and a parliamentary copy was left with the Speaker of the other place, the Speaker of the Senate. The 1951 act relieved the Speaker of the obligation of retaining the parliamentary copy of the bronze bar and the platinum-iridium weights which were described in the Weights and Measures Act of 1873, and now puts them in the custody of the national research council where I presume they remain, and I assume the minister would not wish to have them placed elsewhere at this time. It is interesting to note that such a duty was placed in those years on the Speaker of the Senate, a responsibility which we now regard as a matter of important scientific precision.

Mr. Peters: I suggest to the minister that he give some consideration to including in a measure of this nature a provision with respect to the sizes of various things. I am particularly concerned about the sizes of clothes and shoes. We speak of getting things down to measurements as definite as those outlined in this bill, yet one can walk into a store to buy a pair of shoes size 10 and be given size 9 or size 11 or anything else. Manufacturers of children's clothes are notorious in this respect. For instance, a pair of child's over-alls, size 6—

Mr. Churchill: I hesitate to interrupt the hon. member—

The Acting Chairman (Mr. McCleave): I think the hon. member has made his point, but of course he is out of order and I would ask him to refer to something more strictly related to the Weights and Measures Act.

Mr. Peters: I assume that these sizes are measurements of some description and that they must relate in some remote way to this particular consideration which we are discussing—

The Acting Chairman (Mr. McCleave): The hon. member is continuing in the same vein, and I must ask him to change the topic or resume his seat.

Mr. Chevrier: I do not want to pursue this question of the metric system to any extent because, strictly speaking, it is not germane to the bill, although it can be discussed under the bill. I wish merely to ask whether the minister is aware of the resolution which was passed in 1958 by the Canadian association of geographers recommending that consideration, at least, be given to the adoption of the metric system, and to inquire whether the government has given this recommendation any consideration.

Mr. Churchill: My attention has been drawn to that resolution, but I am not at the moment prepared to state that we are recommending any action based on it.

Mr. Chevrier: Would it not be a matter for the government to decide rather than the research council?

Mr. Churchill: I should like to consult with the national research council before answering that question.

(Translation):

Mr. Pigeon: Mr. Chairman, I just want to refer to an item published in the Montreal paper *Le Devoir*, of May 22, 1959, which says the following:

Canada isolated by its obsolete system of measurement.

Ottawa.—Canada and the United States will eventually be isolated if they fail to adopt the metric system and retain their obsolete system of measurement. That is what professor L. E. Howlett, of the national research council maintained yesterday before the Senate committee on banking and commerce. For the past ten years, stressed professor Howlett, we have seen an astonishing number of conversions to the metric system, especially in India and in continental China.

Mr. Chairman, a few moments ago the hon. member for Laurier (Mr. Chevrier) read some notes. I would have liked to know their source or rather by whom they were written. The hon. member for Laurier has drawn practically all his notes from the *La Revue canadienne de géographie* volume XII, numbers 3 and 4 of July and December 1958 respectively. He practically read the whole of a recommendation that the geographical and geological organizations of Canada adopt the metric system, which was submitted to the convention of the Canadian Association of Geographers by Dr. Michel Brochu, of the University of Paris.

I would have liked the hon. member for Laurier to tell us that he was reading notes written by Dr. Michel Brochu which were published by *La Revue canadienne de géographie.*

(Text):

The Acting Chairman (Mr. McCleave): Order. We are getting away from the main point of the discussion in committee. Perhaps I should read the clause under discussion:

Item 2 of schedule II to the Weights and Measures Act is repealed and the following substituted therefor:

"(2) The standard unit of weight for Canada is the pound—

And so on. I would ask the hon. member to confine his remarks to the clause.

Clause agreed to.

Clauses 2 and 3 agreed to.

On the title.

Mr. Peters: Before this measure passes I should like to ask the minister whether this matter of sizes is not related to this consideration of weights and measures.

Mr. Churchill: It is a part of measurement, yes, but it is not remotely related to this particular alteration which is before us today. And I might point out to the hon. member that if we ranged as widely as he would like to on every bill brought before the House of Commons we would never finish the business of the house. His questions can quite properly be asked when the estimates of the Department of Trade and Commerce relating to this particular matter are before the committee.

Title agreed to.

Bill reported, read the third time and passed.

EXPORT CREDITS INSURANCE ACT

AMENDMENT TO DELETE REFERENCE TO GOVERNOR OF BANK OF CANADA, TO EXTEND APPLICATION OF ACT, ETC.

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill No. S-22 to amend the Export Credits Insurance Act.

He said: Mr. Speaker, I have a statement to make which will last about 12 minutes. If you would permit me to continue past one o'clock I should be able to complete it.

The purpose of the proposed amendment is to enable the Export Credits Insurance Corporation, when authorized by the governor in council, to provide direct guarantees to lenders for export transactions and to buy, sell and make loans on guaranteed export paper. I think it might be helpful if I were to review briefly how the corporation operates, what it does, and what its experience has been. The corporation's main function is to insure Canadian exporters against non-payment by foreign buyers of goods and services. It in effect insures the foreign account receivable. The corporation is also authorized to insure sales of Canadian-produced goods by foreign subsidiaries of Canadian companies, and goods shipped on consignment or for exhibition purposes.

This insurance is provided by the government because there are no private commercial concerns offering similar protection. In all other countries where export credits insurance is available a similar service is provided by the government or with government backing. The corporation insures against risks of non-payment by foreign buyers.

These risks are by no means inconsiderable. The corporation insures both consumer goods sold on short credit terms extending to 30, 60 and 90 days, and also capital goods where payments may be spread over a number of years. One of the basic principles of insurance is that there be a broad spread of risk. Accordingly the corporation generally requires its policyholders who export consumer goods to insure all their export sales made during a twelve-month period, excluding sales made to the United States of America or sales made against irrevocable letters of credit. In the case of capital goods an individual policy is issued to cover the specific contract of sale.

The provision of export credits insurance in no way subsidizes the exporter, for he pays an appropriate premium for the insurance protection and still has to compete in the markets of the world on the basis of quality, price, credit terms and services rendered. In considering applications for insurance the board of directors of the corporation must exercise reasonable prudence and cannot take on liabilities in any one foreign country which may be too high in relation to the corporation's capital, which is $20 million, or in relation to the credit standing of the importer or the importing country. However, where the board of directors is of the opinion that the insurance would impose on the corporation a liability for a term or an amount in excess of that which the corporation would normally undertake in relation to any one contract, exporter, commodity or country, and the transaction is deemed to be in the national interest, the governor in council may authorize the corporation to insure under section 21 of the act.

The recently tabled annual report of the corporation gives a clear and detailed statistical summary of the corporation's operations and experience. Since the first policy was issued in 1945 export sales of $680 million have been insured, including $215 million authorized under section 21. Claims of $9.6 million have been paid and recoveries of $6.6 million have been obtained. Net claims and operating expenses to December 31, 1958, totalled $4.2 million. Premiums of $4.3 million have been received, so that over the past 14 years the corporation has operated on an almost exactly break-even basis with a surplus on operations of only $136,000. The interest on invested capital,

which amounted to $3.6 million, makes up the bulk of the underwriting reserve which now stands at $3.7 million.

One of the problems involved in export trade is that of financing. An exporter of general commodities who sells his goods on short credit terms extending to perhaps 90 days as a rule has no difficulty arranging financing. Financing for such exports is readily available from the chartered banks. With the backing of an export credits insurance policy an exporter can often arrange for an increase in his line of credit or for accommodation on more favourable terms, since he can assign to his bankers the proceeds of any loss payable under his policy. The bank knows that if a foreign bill is not met by the buyer the corporation will have to pay under the policy.

In the case of capital goods, however, particularly where sales to underdeveloped countries are concerned, financing is more of a problem. Manufacturers of heavy equipment selling to domestic buyers in Canada are accustomed to receiving payment in cash on delivery, with the buyer obtaining his funds in the capital market or from financial institutions. In less developed countries it is frequently impossible for the buyer to finance domestically his imports of capital goods, because the local financial institutions and capital market are themselves underdeveloped and because many of these countries suffer from a chronic shortage of foreign exchange. Sales may be possible only if the supplier offers credit. For heavy equipment the credit period required often runs to a matter of years. The need for credit for the foreign buyers and the willingness of competing suppliers to grant extended credit terms obliges the Canadian exporter to sell on similar terms if he hopes to win orders.

With the backing of export credits insurance the Canadian chartered banks have generally found it possible to finance the capital goods business of Canadian exporters. However, it is reported that on some occasions chartered banks have found it difficult to provide the financing required by Canadian exporters, partly because of other commitments on the part of the banks, partly because of the size of the loans, or the terms required. In most countries of the world which are exporters of capital goods there are government facilities in addition to export credits insurance to assist in capital goods financing. Assistance provided by these government institutions includes the provision of either unconditional guarantees or rediscount facilities, or a combination of both.

It is now proposed that the Export Credits Insurance Act be amended to provide similar facilities to Canadian exporters of capital goods. Accordingly the proposed amendments would empower the government to authorize the export credits insurance corporation to give direct guarantees to lenders covering export transactions, and to buy and sell guaranteed instruments, and to lend money on the security of these guaranteed instruments in a manner similar to the arrangements provided by section 11 of the National Housing Act.

The corporation will administer the new facilities, acting as an agent of the government of Canada and directed by instruction of the governor in council, in the same manner as it now operates under section 21 of the act.

The new facilities will help to provide Canadian exporters of capital goods with export credits on terms broadly similar to those available to exporters in other countries. In this connection, the government is keeping in touch with the export credit terms being offered elsewhere through its missions abroad, and more particularly through the membership of the Export Credits Insurance Corporation in the Berne union. The union is an organization composed of credit insurers representing most of the major capital goods exporting countries. It provides a forum in which the export credits insurance practices of member countries can be reviewed and kept in line with one another.

The house will be interested to know that at the recent 16th annual general meeting of the Berne union held in Amsterdam on June 12 of this year, Mr. H. T. Aitken, who is the head of our export credits insurance corporation, was elected president of the Berne union, which is a compliment to him and an honour to Canada.

The direct guarantees proposed under the amendment will be applicable both to those transactions which are insurable by the corporation under section 13 or by the corporation upon instruction of the governor in council under section 21. The guarantees will be applicable to export paper issued in connection with contracts involving the export of goods or services for amounts of not less than $250,000, approximately, and involving payment periods of at least two years. Guarantees will be unconditional and cover the financed portion of the export contract, normally not more than 80 per cent of the contract price. The guarantees will be effective only after delivery of the goods by the exporter and acceptance of the goods by the buyer.

These guarantees may be provided in the currency of the contract of sale. Sales of capital goods, particularly to Latin American countries, are as a rule in United States dollars. It is felt that the provision of

guarantees in that currency would assist the exporter very materially in his financing arrangements.

Generally these transactions would be covered during the predelivery period by an export credits insurance policy, which policy would become superseded by the guarantee after delivery of the goods by the exporter and acceptance by the buyer. An important feature of the guarantee provision is that it should permit exporters to obtain non-recourse financing from lenders. This arrangement in turn should make it possible for exporters to finance a larger volume of business. In providing unconditional guarantees the corporation will be taking on added risks. An appropriate fee will be charged to cover these added risks.

It is proposed that the guarantees may be extended to all lenders, not only commercial banks. Further, it is proposed that the corporation be empowered to endorse the guaranteed export paper in order to enhance its negotiability.

In addition to the guarantees the proposed amendment would permit the corporation, when authorized by the governor in council, to purchase instruments guaranteed by it, lend money to the holder of a guaranteed instrument upon the security thereof, and sell a guaranteed instrument to any person. It is felt that the provision of such authority will assist in making funds more readily available to Canadian exporters of heavy equipment.

Under section 21 of the present act the liability of the corporation under contracts of insurance issued and outstanding at any time is limited to $200 million. The proposed amendment does not involve any change in this sum. The aggregate of the liability of the corporation under insurance policies issued under section 21 and of all the guarantees issued under the proposed amendments is not to exceed the limit of $200 million presently authorized. It is expected that a greater volume of export business will be facilitated by the new provisions, but individual guaranteed transactions will not increase total liabilities outstanding since when a guarantee becomes effective, an insurance policy is replaced.

Finally, as is the case under the present act, all orders in council made under the proposed amendment would be laid before parliament.

Mr. G. J. McIlraith (Ottawa West): There is just one question I should like to ask the minister before he takes his seat. I understood him to say that the liability under the contracts of insurance provided under section 21 and the liability of importers under the guaranteed instruments shall remain the same; that is to say, shall remain the same gross. I understood him earlier in his remarks to say that the bill provided for the crown or the corporation as agent of the crown buying and selling the guaranteed paper. There is no limit on the buying and selling, as I understand it.

Mr. Churchill: No; no limit has been set on that.

At one o'clock the committee took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. McIlraith: Mr. Speaker, the Export Credits Insurance Act, which it is proposed to amend by the bill now before us for second reading, is undoubtedly one of the most important acts we have in force affecting our trade; and bearing in mind the importance of our foreign trade in the general prosperity of the country it is indeed a most important matter for all Canadians. The bill seeks to add to the act a wholly new principle. The act, as hon. members know, provides for the insurance of contracts for payment with respect to the export of goods from this country. There are certain other subsidiary items like services and so on that may also be insured.

The bill before the house provides for the crown through the corporation to buy and sell guaranteed instruments and to guarantee instruments used in the export of products from Canada. There is, of course, a great need for helping the export industry to finance its business. That is undoubtedly a great need in the export trade field today and one which should be met. So we start with a very important piece of legislation being amended and an important step being taken to meet a need that in my opinion is urgent in our commercial world today.

But before discussing the bill in detail I want to raise a preliminary matter that I think should be raised. Under the act it is provided that the limit of liability of the crown is $200 million with respect to the insurance contracts provided for in the act. Under the bill provision is made for doing three things. The first is to guarantee the payment of an instrument given by an importer to an exporter. This is the guarantee factor. The second is the purchase of guaranteed instruments, and the third is the sale of guaranteed instruments.

I have two points I wish to raise. One is that while under the act there is a ceiling limite of $200 million with respect to the relevant clause of the act which provides for

insurance by the corporation with the approval of the governor in council, the purpose of the guarantee is a wholly new purpose, and under the liability which is being created by clause 5 of the bill now before us in what will be section 21B of the new act the liability of the importers under all outstanding guaranteed instruments is limited so that the total liability shall not at any time exceed $200 million.

My first point is that this is a wholly new purpose for which possible liability may be incurred or a charge may be made on public funds. The second point is that the bill provides for three separate purposes. The first is a guarantee of instruments, and there is a limit which is the same as the limit under the insurance provisions in the existing act. In addition, however, there is the necessary buying and selling of the guaranteed paper and that buying and selling operation has no limit whatever. It is possible over a period of years to have bought paper to the amount of hundreds of millions of dollars. In other words the limitation of $200 million in the bill is only a limitation on the outstanding guaranteed instruments, but there is no limitation whatever on the losses in the buying and selling or the amount of the buying and selling. It would be possible over a period of years, depending on how quickly guaranteed instruments are replaced, to buy say $1 billion worth of paper, and it is theoretically possible to have a loss of $1 billion. I use that theoretical illustration to make my point. I do not suggest for a minute that there is a probability of that happening at all, but I wanted to make that point.

For these two reasons I am at a loss to understand why the bill was not preceded by a resolution and introduced in the House of Commons rather than being introduced in the other place. In that connection I think I can content myself with reading section 54 of the British North America Act, which is in these words:

> 54. It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address, or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by message of the Governor General in the session in which such vote, resolution, address, or bill is proposed.

The significance, of course, of having a resolution is that there is an opportunity for a further committee stage. My point is that the bill provides for the appropriation of a part of the public revenue to a purpose that has not been first recommended to the house by a message from the Governor General. Second, if it is held that bill does not provide for expenditure for a new purpose, then my further point is that there is an increased liability created by the bill. I thought I should properly raise that preliminary point so that our rights in this important constitutional matter would be preserved and not eroded through any oversight.

Dealing with the substance of the bill itself, I think it is well for us to recall a little of the history of the legislation on this subject. In 1944 the Export Credits Insurance Act was first passed by parliament, having been introduced by the previous government. The bill as it then stood provided for the creation of the corporation which was to engage in insuring exports, with certain limitations on the risks. In addition the bill contained a very interesting feature in that under certain circumstances, upon the recommendation of the Minister of Trade and Commerce and the Minister of Finance, the corporation could make direct loans to countries to which we might export goods.

In 1945 there was an amendment which provided for an increase in the lending provision whereby the amount the Canadian government could lend foreign governments for the purpose of buying exports from this country was increased to $750 million. This amount of money was lent to various countries, and I think the farsightedness of the government of that day in this treatment of our export trade certainly benefited Canada greatly. It was a remarkably successful policy.

Perhaps the best indication of just how sucessful this 1944-45 legislation was can be partially found in the fact that our total export trade in 1946 was about $4,266 million and by 1956 it had increased to about $10,574 million. This type of farsighted legislation was a help to exporters and at the same time helped other countries which were devastated in the war to re-establish their currencies so they could buy these exports. This policy certainly paid off for this country, if I may use such a phrase.

This act was amended from year to year. It was amended in 1946 to extend the risks that could be insured. It was amended in 1948 to permit the government to have the corporation, with the approval of the governor in council, make loans that were otherwise beyond the amount that the corporation would normally lend to any one exporter or to any one country. This provision was helpful and increased the development of the corporation. Then in 1954 there was a further amendment. One of the main things that amendment did was to increase the capital. In 1957 there was a rather useful amendment which extended the coverage so that in addition to insuring commodities and capital

goods, coverage could be provided for engineering services, goods sent out of the country for exhibition purposes and goods sent out of the country on consignment. In 1958 the present government further amended the bill to increase the amount of insurance the corporation could have outstanding at any one time. This amount was increased from $100 million to $200 million.

In his remarks this morning the minister, as I recall it, did not deal particularly with that phase of the matter. In view of the reasons he gave one year ago for asking for the increase in the liability the corporation could incur, and in view of the fact that he has come back so soon thereafter in effect to reduce the amount the corporation will have available for insurance purposes, I am wondering if the minister, when he closes this debate would clarify that point. In other words, this has been a very good piece of legislation, a very successful piece of legislation; yet the minister is in effect, by this bill, asking that the volume of business the corporation can do be reduced; that is in so far as the insurance aspect is concerned.

Mr. Benidickson: Because of the new purposes.

Mr. McIlraith: Because of the new purposes for which the gross amount may be spent. I ask the minister, therefore, if he would develop that point in his closing remarks at this stage of the legislation.

There are some other aspects of the bill to which I think the attention of the house should be drawn. Up to this point the scheme of the direction of the corporation has been by a statutory requirement that the Minister of Finance, the deputy minister of trade and commerce and the governor of the Bank of Canada be directors of the company and that four additional directors serve with them. I notice that this bill provides that the governor of the Bank of Canada be not included as a director of the corporation. The minister did not deal with that very important change. The corporation has been well directed and well run, and I for one am apprehensive as to the significance of the removal of the governor of the Bank of Canada from the board of directors of the corporation. I would hope the minister would clarify the reason for that change before we are asked to approve the principle.

There is another aspect of the bill before us. The minister carefully set out the need of exporters for financing in their operations; that is, as export trade has become more competitive there is a need for exporters to be able to give longer term credit to purchasers and this makes it difficult to finance their operations. I am in accord with his expression of the need in trade circles for that kind of assistance. This amendment puts the Export Credits Insurance Corporation into the business of buying, selling and guaranteeing the export paper, if I may use that term.

Now, we recently had before this house legislation setting up in Canada a corporation for the purpose of financing exports, discounting export paper if you will. I thought that legislation was particularly significant in our trade development, and very important. I should like to know whether the minister intends that this crown corporation should compete in the field of buying export paper with the export finance corporation recently set up by private legislation.

Then there is another aspect of this matter that concerns me. If I heard the minister correctly before the luncheon adjournment, I believe he said it was the intention to use the guarantee provisions of this bill only in cases where the amount of the transaction exceeded $250,000 and the term of the guarantee exceeded two years, I think I heard him correctly on that point.

That raises an interesting point. If we are to develop trade it is our total trade which must be developed. A very important factor there is not only the big exporters but the smaller manufacturing exporters in particular, because the expansion must come in that area as well as in the area referred to by the minister. In dealing with the minister's estimates a few days ago I raised a matter in connection with that point and asked him to examine the possibility of taking measures that would assist exporters, particularly the smaller exporters, in the very large potential market in the United States. I am sorry to see him limit the new legislation to what I might describe in general terms as big business. It seems to me that the need for financing is just as great in the smaller industrial business in Canada as it is in the big industrial business and if you are to legislate on this particular subject we should provide for all our manufacturers and exporters the benefit of the assistance or facilities we are providing. That distinction made by the minister seemed to be quite unrealistic.

There is one other criticism I have of this measure. I have spoken in rather enthusiastic terms of the present act, the Export Credits Insurance Act. Indeed, some members would think I had been very laudatory of the farsightedness of the former government in bringing it in, and I have spoken of the great benefits it has brought to this country. I for one am sorry to see the minister now come forward with legislation which will divert that corporation from its

main purpose of insuring the exports of this country. It seems to me that the corporation has functioned well. There is such a need for continuation of the insurance of export credits that it is unfortunate that this legislation has provided for what in effect is an entirely new business namely the guaranteeing of export paper, or the actual buying and selling of the export instruments being done through this corporation. I would have thought if the crown were to engage in that business it should have done it by a separate corporation, because it is a separate function altogether.

Mr. Benidickson: Like the export-import bank of the United States.

Mr. McIlraith: That is really embarking upon an operation similar to that of the export-import bank of the United States referred to by my colleague from Kenora-Rainy River (Mr. Benidickson), and it is another field altogether. As a matter of fact, I am not sure whether the corporation should be wholly a crown corporation or whether the crown has explored the possibility of bringing more private enterprise into this field. However, I am in complete accord with the need for action in this field at this time.

I do hope the minister has considered that point thoroughly, and if he has that he will explain more fully to the house why he chose this approach to the problem rather than making provision by separate legislation for a separate corporation, because it is really a new field. It is an international commercial banking operation in which the minister is now engaging.

There is another problem about the bill which is before us. I do not know to what extent I may refer to proceedings in the other place, but when this bill was before a committee in the other place it became apparent from the explanations given that what was intended, although the bill does not provide this, was mainly the guaranteeing of export credit paper, and that this would facilitate the exporters' financing of that paper once it was guaranteed. While there is no explanation as to how that was to be facilitated, it is self-evident that it will facilitate it to some extent; but in a period of tight money—I hope not to get into further argument with the Minister of Finance on this particular aspect of it and using that term in the sense that the commercial banks, by reason of bond holdings and for other reasons have not large sums of money available for lending purposes—it is difficult to see how the mere guaranteeing of the paper will particularly assist the exporter to finance through the banks.

Therefore I think if the guarantee aspect of the proposal is to be successful the minister ought to explain to us a little more fully how it is to be successful, because in a tight money period it is not necessarily the security of the loan which is the problem with the commercial banks, but the availability of funds to loan.

A second point in that connection is the long term of the guarantee. The Canadian banks, which are both commercial banks and savings banks combined, have always sought to keep very large portions of their funds in short term securities or loans. They have been very careful about that and have done a very good job over the years. This legislation provides only for the guaranteeing of long term paper. If that is so, then this measure is not going to help the exporters finance through the banks. That again leads us to the question, in what way, then, is a long term export paper guarantee going to help the exporter to finance?

Then there is the whole operation of the buying and selling of the paper. Notwithstanding what was said in the committee in the other place, where the whole emphasis was laid on the guaranteeing of the paper rather than on the matter of buying and selling the paper, I am still of the opinion that the corporation is going to find itself in the position of buying and selling large quantities of these guaranteed instruments. I noticed that in his remarks this morning the minister said relatively little about the buying and selling of such paper but a great deal about the guaranteeing of it. If the corporation is to engage in this commercial banking operation of buying and selling such paper, then surely if that is to become the main purpose of the legislation it is another operation altogether from the insuring of risks.

Those are questions which are outstanding in my mind, Mr. Speaker, which I hope the minister will deal with at some length. While he will see that I have been critical of the bill, I am wholly in accord with the purpose sought to be served by the bill and the minister's assessment of the need for some sort of assistance to exporters.

Before I conclude my remarks I must just add one further thing which I think ought to be said. I appreciate very much the minister acknowledging the honour which has been done to Canada by the election of the president of our Export Credits Insurance Corporation to be head of the Berne union. This is an acknowledgment of the splendid services of that officer, and it is also a courtesy and an honour to this country that I am happy to join in acknowledging.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we are pleased that this bill has been introduced, because not only does it seek to continue the Export Credits Insurance Act but it also provides amendments for the purpose of expanding the activities of that corporation.

Canada at this time is facing serious difficulties in the export of a great many commodities. We realize that we are facing difficulties in the export of lead and zinc, copper, wheat and oil, although the difficulties in that direction seem to have been lessening in recent days because of actions taken by the United States government. Nevertheless, with regard to a great many commodities Canada is finding export sales increasingly difficult to obtain.

We are all aware that the Soviet union is engaged in a growing trade offensive, but that country does not have to rely in any sense upon private institutions to make commercial transactions in the commodities available for export. Rather, the Soviet union is able to enter the market by means of long term contracts and by means of credits at very low rates of interest which enable her to undercut markets which might otherwise be those of Canada or of some other western nations. Private enterprise in the ordinary sense of those words is unable to compete with this growing expansion in world trade on the part of the Soviet union.

We see extraordinary statements made from time to time by the Canadian Manufacturers' Association and by leading businessmen in this country advocating an expansion of public credit to enable corporations to develop their business in the export field. As a matter of fact, the measure now before us is a good socialist measure. It provides a public corporation to undertake business which private enterprise is either unwilling or unable to engage in. Those who wish to put forward their private enterprise views will say, of course, that this is merely a measure to assist ordinary business establishments. Be that as it may, it is an expansion of the area of government activity. It is necessary according to the government and it is necessary according to the official opposition, and we in this group believe that the Export Credits Insurance Act has been of value to Canada in the past and that with these amendments it will be of greater value in the years ahead.

There are a number of clauses to which one might refer at some length in the course of detailed study, but I do notice that there has been some change in the board of directors. Now the bill states:

> There shall be a corporation to be known as Export Credits Insurance Corporation, consisting of those persons as members who for the time being are the deputy minister of trade and commerce and the deputy minister of finance.

The old section read as follows:

> There shall be a corporation to be known as Export Credits Insurance Corporation, consisting of those persons as members who for the time being are the deputy minister of trade and commerce, the deputy minister of finance and the governor of the Bank of Canada.

So by this amendment the government is dropping as a member of the board of directors the governor of the Bank of Canada.

Mr. Benidickson: Why?

Mr. Argue: It will be very interesting to know why he is being dropped. Is it because he does not see eye to eye with the government in regard to the purpose of this measure? Is it because of some difference with the Minister of Trade and Commerce as to the policy which is being followed? Or is it, perhaps, that he is too busy, that he is overworked, that he has more things to do than he is able to do? I ask this question because we had this same gentleman before another committee in his capacity as a member of the committee having to do with investment funds of the unemployment insurance commission.

Mr. Speaker: Order. I would ask the hon. gentleman whether the position of an official, his engagement or his views, have anything to do with the principle of this bill. It might be asked, furthermore, that the hon. member is referring to proceedings in a committee which has not yet reported, and that is a second question; but the reason I intervened was to ask the hon. member to justify his reference to an official as a matter which is involved in the principle of the bill before us.

Mr. Argue: But this bill provides that this official is to be dropped from the board of directors. He has been a member of the board, and now he is being dropped.

Mr. Benidickson: It was statutory before.

Mr. Argue: It was statutory before, and I am now asking for an explanation. The change is made in the first clause of this bill, section 3 of the existing act.

Mr. Speaker: I think a discussion of that kind would be more appropriate in committee. It is an incident of the bill. I do not want to prevent the hon. member from discussing a matter which he feels relevant, but that could be done in committee. After all, he is discussing a detail of one clause.

Mr. Argue: I understood your point to be that there is really no reference to this gentleman in this bill and that his private opinion expressed in some other place has no

bearing on it. But I was merely seeking to find out why this gentleman was being dropped from the board, and I was wondering whether it is because he is too busy. We know, or we have reason to believe, that most of his investment activities in connection with the unemployment insurance fund at least were done by telephone, and if he is too busy to engage in the work of this corporation that is a perfectly good and sound reason for dumping him from the board of directors in this case.

In any event we are pleased to see this legislation being continued, and we are glad to see it is being extended. We think the expansion of this legislation is very necessary, because unless Canada is exceedingly aggressive in the export field a great danger to our economy is likely to develop. Perhaps before the passage of this measure I should ask the minister whether or not its provisions will facilitate the extension of credit in regard to the sale of Canadian commodities, and I refer in particular to Canadian wheat. I have in my hand a Canadian Press report of May 20 which states that a $28 million sale of Canadian wheat to Poland is being financed by West Germany because proper credit facilities are not available in Canada. At a time when the international market for wheat is exceedingly competitive, when it is difficult to obtain sales, even with the provision of credit, it seems a rather startling piece of information that a $28 million sale of Canadian wheat to Poland must be financed in Germany because no such financing is available in this country.

This measure can be of help to our nation, and we hope that with the passage of this amendment it will be used to the maximum.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I do not wish to speak at length in connection with this measure because the views of this party were very well expressed by the hon. member for Ottawa West.

This amendment represents an extension of the field of government participation from insurance to finance to encourage our exports, and I am sure all hon. members of the house would approve of that objective. I share with the hon. member for Ottawa West curiosity as to how this function can be reconciled with the initiation of private enterprise in this field, as evinced by legislation which we have had before us during the current session. In addition, if this is likely to be an impressive field I share with the hon. member a desire to question the minister as to why we are including in an insurance act this additional function which seems to be so closely related to the export-import bank function of our neighbour to the south.

[Mr. Argue.]

That raises a question as to why, if this is to be an impressive function, this bill does not in any way increase the total financial liability under the act, which was set at a maximum of $200 million. If the government is to go into a new field, and if this new field is to accomplish anything, surely it cannot be accomplished solely by endorsing a certain amount of paper without requiring over a period of operation an actual requirement for financial resources. No request has been made for an increase in financial resources.

I note from the annual report that the liabilities under section 21 of the act were $51 million and those under section 13 were $84 million as at December 31, 1958. I do not think the minister brought us up to date as to the current position with respect to liabilities particularly under section 21, and I wish he would do so.

This bill was introduced in the other place. The banking and commerce committee of the other place examined Mr. A. W. Thomas, assistant general manager of the Export Credits Insurance Corporation, who in his initial statement to that body on Wednesday, June 10, 1959, as reported at page 7 of the evidence of the committee, said:

—the substance of the bill is in this matter of guarantee. The responsibility is going to be taken by the government and not by the corporation, for we are an insurance corporation.

I believe that highlights the suggestion of the hon. member for Ottawa West that if the statute we are now amending is essentially related to insurance, there is some merit in thinking about the possibility of separating the two functions. That would not be done here and I do not think we propose to divide the house on that point, but I feel that the minister should consider the advantages of there being two acts providing for a separation of functions, particularly when the assistant general manager of the company asserts that decisions with respect to matters of this kind are going to be government decisions rather than decisions of the corporation itself.

Another question that has concerned me in connection with the new sphere of activity suggested under this bill is related to our knowledge that in the insurance realm we have had coinsurance. On the same page of the proceedings of the banking and commerce committee of the other place Mr. Thomas said:

The policy of insurance—

That has hitherto been the function of the corporation.

—is subjected to terms and conditions and to a co-insurance which is normally—

I want to emphasize the word "normally". I continue:

—not in excess of 85 per cent of any loss which might be suffered by the exporter—

I was curious about the word "normal". Have there been policies of insurance undertaken by the corporation where the co-insurance by the exporter was less than 15 per cent? In addition I would ask the minister to tell us today or on a subsequent occasion when we are debating the clauses of the bill how guarantees are going to fit into the traditional experience of co-insurance. With respect to endorsing a promissory note, for instance, does the minister conceive that he can endorse or guarantee that paper on a percentage basis rather than in entirety as to the face value of the paper guaranteed? I think there is great merit in retaining an interest on the part of the exporter in repayment and the proper eventual success of the transaction. I am wondering whether or not under this form of financing the corporation is likely to get into the position of being 100 per cent interested, without a co-interest on the part of the exporter himself.

We have some knowledge, of course, as to the competitive position that Canada is in which necessitates and makes desirable legislation of this kind. In the matter of down payments, what is the likely requirement in the view of the minister in this respect? I understand that with respect to insurance facilities in the United States a down payment there is required where the cover will not exceed 60 per cent. What is the minister's advice to his corporation in this respect? In so far as rates are concerned, is the minister contemplating that rates of insurance will continue to be standard without differentiation with respect to individual transactions? I believe there is now something in the nature of a trade union among government export insurers, and the firm convention provides for a maximum term of loan contracts of five years. There are some countries at least that are competitors of ours which do not belong to this association, notably Italy, and there are some others.

What is the possibility of getting competitors of this kind into the Berne organization? Notwithstanding the Berne convention and agreements I believe that in the United States, by virtue of the export-import bank, an extremely important competitor there has an opportunity to assist exports by means of development loans. I think this avoids the Berne agreement to the extent that these development loans could be for a term of as long as 20 years. Does that not appeal to the minister as an additional reason for perhaps separating the financing and putting that in a separate statute, such as is the case in the United States, rather than including it in a statute that is basically an export credit insurance act?

The minister, of course, will be very well aware of the fact that Germany has been extremely aggressive in this field and through its reconstruction loan corporation is a competitor. I question whether it is desirable that we be in the Berne agreement with respect to credit insurance and have terms that might be related to insurance in some way interpreted by our friendly competitors in other countries as being bound as a result of that statute, whereas they are really finance matters which these other countries have handled by separate statutes and separate organizations, notably the Export-Import bank of the United States.

Mr. W. H. McMillan (Welland): I just want to ask two or three questions on these amendments. They seem to come under two categories; first, to make a change in the management of the corporation; and second, to increase the powers of the corporation. Under these amendments the corporation will be assuming greater liability in respect of each individual exporter. My understanding is that the corporation will guarantee the exporter unconditionally for the full amount of his account. That has not been true heretofore. As was stated by the hon. member for Kenora-Rainy River previously we had co-insurance where the exporter carried 15 per cent of the loss, if any. Will this co-insurance apply in the future? My understanding is that the corporation will insure unconditionally up to 100 per cent of the amount.

There is one other question that comes to my mind. I wonder whether the corporation is utilized by exporters in shipping to the United States? No reference has been made to that matter. When the matter was debated previously two years ago, I think, some reference was made to making use of this corporation for exporting to the United States, but at that time it was said that no use was being made of this corporation in that respect. I should like the minister to comment on that matter.

The hon. member for Ottawa West referred to the fact that small businesses did not have the same advantage in making use of the export credit corporation. I might say that I have had larger businesses come to me and say they had difficulty in getting the services of this corporation to handle smaller orders. This happens to be a large company that was shipping products costing under $100,000 to Brazil, and it was hard for

them to get the services of the corporation to look after this comparatively small order.

Mr. Benidickson: Was that on long term credit?

Mr. McMillan: On long term credit. I should like to ask the minister to make some comment in connection with that matter.

As to the change in management, I think if the governor of the Bank of Canada continued to be on the board of directors of this corporation, in so far as he might have business with the corporation through his position with the bank, he might have a dual capacity. I assume that is the reason the government is changing the board of directors. I should like the minister to comment on that matter.

Mr. Benidickson: The central bank in France does the rediscount.

Mr. McMillan: Yes. I thought it would probably be better to ask these questions at this point and to have the minister answer them now.

Mr. Churchill: Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate. I should also, if I may interrupt the minister, ask him to deal with the preliminary point which was made and which, if it is a valid point of order, would be fatal to the passage of this bill. I refer to the point that was made by the hon. member for Ottawa West to the effect that this bill is authorizing the expenditure of new money. If it is, it comes under standing order 61. As a motion for public aid or a charge upon the people which can only be introduced by a resolution. It also comes under standing order 63, which is an extremely important consideration to this house and which reads as follows:

63. All aids and supplies granted to Her Majesty by the parliament of Canada, are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the house, as it is the undoubted right of the house to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants, which are not alterable by the Senate.

The point having been raised, I feel that the minister should deal with it first so the house can assure itself that its privileges are not being eroded.

Mr. Churchill: Mr. Speaker, on the first point raised by the hon. member for Ottawa West may I say that I think it is based on a misunderstanding, perhaps owing to a reply I gave to a question he asked me just at one o'clock. I misunderstood his question.

He asked me whether there was any limitation on the amount of guaranteed export paper, if you can use that term, which might be bought and I said no. I thought his reference was as to whether there was any specified amount within the over-all or overriding limitation of $200 million which would be appropriated or set aside for that particular purpose. But as he indicated in the course of his remarks, the proposed amendment under section 21B states as follows:

21B. (1) The aggregate of
(a) the liability of the corporation under contracts of insurance entered into under section 21 and outstanding, and
(b) the liability of the importers under all outstanding guaranteed instruments,
shall not at any time exceed two hundred million dollars, . . .

Therefore there has been no increase and there is no increase in financial obligation in any other portion of the bill. I had this looked at when we were considering the introduction of the measure and our conclusion was that a resolution would not be required in the House of Commons because no extra financial obligation was imposed upon the crown. These limits continue to be maintained. The situation was different two years ago when I introduced an amendment raising the total amount available from $100 million to $200 million. Therefore I think that the point of order was raised under a misunderstanding due perhaps to the answer I gave just at one o'clock.

Mr. Benidickson: Would the minister permit a question? In the opinion of the minister does this new function involve a fairly substantial increase in employment of staff for the new function?

Mr. Churchill: No, not at all. That again is something we looked at and the present staff will be able to handle the business which will arise under this new arrangement if approved by the House of Commons.

Mr. Chevrier: May I ask the minister a question? Did the amendment he referred to a moment ago contemplate the introduction of a resolution?

Mr. Churchill: When we raised the amount from $100 million to $200 million I moved on December 4, 1957, as found at page 1867 of *Hansard*, that the house go into committee to consider the following resolution. The resolution was considered on that day and subsequently the bill came up for second reading.

Mr. Chevrier: Does it not follow that having done that on a previous occasion a resolution is required now when the minister brings in this bill having a different purpose, even though it does not increase the amount?

Mr. Churchill: That would be a matter for Mr. Speaker to determine. I do not see it that way at all. My understanding is that a new and entirely different increase in expenditure must be involved. May's Parliamentary Practice, 16th edition, page 754, says that the charge must be new and distinct. Here there is no new and distinct charge suggested.

Mr. Speaker: May I say that as I understood the hon. member for Ottawa West he was not contending that the guaranteeing liability might exceed the $200 million now authorized but that the power to purchase guaranteed instruments was not limited to the $200 million which had been authorized. As I recall what was said, that seems to me to be the only point which requires an answer. I am not concerned so much about additional staff or the question of the change in character of the purposes for which the money already voted may be used. But if the legislation as it is to be amended would permit the corporation to incur expenditures through the purchase of obligations which would exceed the authorized limit of $200 million then there would in effect be authority to spend new money and that might raise the question of order.

Mr. McIlraith: That was one of the two points I raised. You see, the present act provides for insuring export credits. That is the purpose of the act. The new bill provides for guaranteeing, buying and selling instruments. Instruments are a different thing altogether from what is insured. "Instrument" is defined in the bill as a promissory note, bill of exchange and so on. It is discount paper. It is a wholly new operation distinct from the business of insurance of contracts for the payment for export commodities and capital goods. Therefore my first point is that the procedure is not in accordance with section 54 of the British North America Act because the purpose of the bill is wholly new. The bill undoubtedly creates a charge because guaranteeing up to $200 million is admittedly a charge, so even if the total liability is not increased the purpose is wholly new. That was the first point.

The second point was a little different.

Mr. Speaker: It is the second point that concerns me. I think the first point can be and has been answered by the reference to May. The general purpose of the appropriation of $200 million is the facilitation of export trade, in the old bill by insurance and in the new bill by insurance plus the guaranteeing of instruments. Therefore I think that point is perhaps not worth pursuing, subject to what authorities the hon. member may cite, but the second point is one on which I should like to be satisfied, namely that the buying of instruments is also limited to the $200 million.

Mr. McIlraith: I have stated my first point and I am not going to press it unduly at the moment. But Your Honour can see how far we could go astray by permitting the introduction of a wholly new purpose in an amending bill. If you had an act respecting housing, then instead of introducing new legislation the government could change the purpose and build railroads with the amount of money voted for housing. I will not develop that argument further but I thought it should be raised.

My second point is that the total liability that can be a charge on the public funds at any one time under section 21 of the existing act is $200 million. That is the maximum amount of liability outstanding at any one time. The act uses the expression, "shall not at any time exceed $200 million". The new legislation provides for the corporation engaging in three new activities that are different from insurance. As I submitted in my previous argument, they are wholly different in purpose. They are the guaranteeing of promissory notes, bills of exchange and other negotiable instruments, the buying of such instruments and the selling of such instruments. The limit of liability in the new bill will be found at the bottom of page 2 where it says that the liability of the importers under all outstanding guaranteed instruments—that is just the liability of the guarantees outstanding at any one time—shall not, together with the existing liability under the act, exceed $200 million so that the amount is the same $200 million. However there is no limitation whatever under the buying provision.

Let me take an example of what could be done under the bill in order to illustrate my point. Assume that the bill is passed and next month we guarantee paper to the extent of $200 million. They can then buy all the guaranteed negotiable instruments. They can buy and sell; they can incur a loss, but the continuing guarantee stays at $200 million, that is clear. It is limited. However, in the buying and selling they can buy guaranteed paper and incur a loss on it by selling, which loss would be a charge on the taxpayer. This buying and selling operation is a trading operation and it is not limited to the $200 million.

If we could reduce an example to an absurdity in order to illustrate the point, Mr. Speaker, I would say they could buy $200 million of guaranteed paper and next month sell it for $190 million. Then they could come right back and guarantee $200

million worth of paper, so that the charge on the treasury would then become $210 million at the end of the month.

Mr. Speaker: If I might interrupt, I should like to ask the hon. gentleman a question. I think he has overlooked one factor, and if so I should like to be clear about it because it may save time. The instruments that may be purchased are instruments guaranteed by the corporation. If that is so, then the amount of the guarantee of any instrument, that is a debt of any importer which has been guaranteed, is already charged against the $200 million. If the corporation then buys that instrument it is not adding anything to the liabilities of the corporation, but is presumably replacing its liability for the guarantee of the debt. However, there is no change in the obligation of the corporation, and the corporation cannot go beyond the $200 million limit.

Mr. McIlraith: They can sell the instrument and take a loss; it is a trading operation. They are really going into commercial discount banking operations. The only thing that is limited is the amount they can guarantee, but in any trading operation they can be taking very severe losses, regularly. This is the significant point that concerns us, the gross charge on the treasury can far exceed the $200 million on guaranteed instruments and that $200 million is the limit in the act.

Mr. Speaker: Perhaps I could hear the minister on this point.

Mr. Churchill: I answered the first question earlier, and I did deal with the second one. My hon. friends cannot have it both ways. The hon. member for Kenora-Rainy River (Mr. Benidickson) was arguing just a few minutes ago that if we were going to do more business we would have to increase the financial resources of the corporation.

Mr. Benidickson: But I expect that you would use a resolution to do so.

Mr. Churchill: The wording of section 21B of the act definitely limits the liability under contracts and guarantees. I have already read the section which says:

> The aggregate of
> (a) the liability of the corporation under contracts of insurance entered into under section 21 and outstanding, and
> (b) the liability of the importers under all outstanding guaranteed instruments,
> shall not at any time exceed two hundred million dollars—

Now, all of this was considered, Mr. Speaker, before the bill was introduced and it is because no authority is granted the corporation to exceed that ceiling that we decided no resolution was required.

[Mr. McIlraith.]

Mr. Speaker: I am inclined to think that the minister's advice was sound. It is always difficult to know with these bills which authorize complicated transactions, whether or not new money is involved. I think that the argument is really concluded by section 21B which defines how the $200 million already authorized by parliament can be applied in the future. It can be applied to existing purposes of the corporation, that is the liability of the corporation under contracts of insurance entered into under section 21 and —not or—the liability of importers under all outstanding guaranteed instruments. In effect, therefore, this bill divides the $200 million already authorized between the old purpose and the new purpose and to that extent it cuts down the amount available for insurance and makes some part of the $200 million available to guarantee the liability of importers.

Now, let us look at the guarantee provisions. The corporation may purchase guaranteed instruments under subsection 2 of section 21A, and if you look at what a guaranteed instrument is you will find it means an instrument the payment of which is guaranteed by the corporation under this section. What the corporation, in effect, is doing is purchasing its own guarantee, and to that extent it does not increase the liability of the corporation which is already limited to $200 million because the instrument which it has guaranteed is an instrument of liability of some importer. It is that liability of the importers which is included in the $200 million which is involved in this purchase.

Mr. McIlraith: Thank you, Mr. Speaker. My purpose in referring to the matter lies in the importance of the bill and not in any desire to delay the passage of the bill in any way. It was rather a point that I thought should be raised because of its importance and this was the sole purpose I had in mind.

There is another rather interesting point at which the house should look when any such bill is presented in the future, and that is the fact that there is no limitation on the price at which these negotiable instruments can be purchased. It may be two cents on the dollar.

Mr. Speaker: Perhaps the minister would like to speak now?

Hon. Gordon Churchill (Minister of Trade and Commerce): I fully appreciate the points raised by my hon. friends opposite. I am well aware of the fact that they favour the Export Credits Insurance Corporation because they had something to do with its origin. They

have been impressed, as I am sure all the rest of us have been with the success of this corporation over the ensuing years. I have already explained what we intend to do. Perhaps I should not, at this stage, answer some of the questions which were raised because obviously they could be better answered in the committee stage. However, generally, I can say this on some points raised by those who spoke: There was no question about— I use the phrase of the hon. member for Assiniboia (Mr. Argue) now— dropping the head of the Bank of Canada. My understanding was that the pressure of business precluded him from giving the close attention to this organization he desired to give it. I judge he knows best the time that is available to him and so we saw no reason to raise any serious objections to that.

The directors of the corporation have carried on very successfully and although the head of the bank will not be present in the future, you still have the deputy minister of finance attending directors' meetings.

This is a new departure under the present terms of the act but it is allied in some measure to part 2 of the original act which lapsed some years ago. When the act was passed in 1944 there was a part 2 which authorized the making of rehabilitation loans to foreign governments and that authority expired in 1947. So although this suggestion we are putting forward now is not exactly the same as that nevertheless we thought in view of that experience with the act we could introduce this other feature now of guaranteeing export paper without having to create a new corporation or set up a separate act for this purpose.

Mr. Benidickson: Would the minister permit a question at this stage? As regards long term credit, who does the minister contemplate will be the original lenders, the commercial banks?

Mr. Churchill: The chartered banks.

The hon. member for Ottawa West (Mr. McIlraith) suggested that by this proposed amendment we were, as he put it, diverting the corporation from its main purpose of insuring. That does not necessarily follow. The insurance work of the corporation may continue to be the larger part of its work. We will know better a year from now as the experiment is carried forward, but the intention was not to change, alter or diminish the activities of the corporation, which in the past have been very successful insurance activities. We were not able to go as far as the Export-Import bank of the United States. That question was looked into very carefully. As has been pointed out on more than one occasion, we have not the capital for export that the United States has. We are an importer of capital. The Export-Import bank has been able to export capital on very long terms which are at the moment beyond the capacity of our country. So having examined the activities of the Export-Import bank of the United States, we decided that at this stage in Canada's development we could not enter that field. We felt that this other plan would in the interval provide additional facilities to our exporters that they do not now have at their disposal.

Nor did we consider that we would be in competition, as I think someone suggested, with the export finance corporation recently set up. We may be dealing in different fields. The representations which have been made to us over the last two years have indicated that there is a field here for the guarantee of export paper that has not been adequately covered in the past. All sorts of investigations have been carried out. Consultations have been held with leading businessmen of this country, and we feel that by introducing this measure we have taken a step in the right direction. I think that with a year's experience behind us we may discover that perhaps more capital or more backing for the Export Credits Insurance Corporation is required. As suggested by the hon. member for Kenora-Rainy River (Mr. Benidickson), it depends how our export business develops. We are in a highly competitive world and other countries are supporting their exporters beyond the field of just insurance, and consequently we want to do that too.

The hon. member for Assiniboia gave an instance to the house of the difficulties faced. He used the example of wheat, where he mentioned that a proposed sale of $28 million of wheat to Poland on a long term basis was being financed by West Germany. That is not the first instance which has occurred along that line, where the Export Credits Insurance corporation has been prepared to insure a sale of Canadian products abroad but the financing was not able to be done in Canada; the financing had to be done from, say, New York, or in this instance, West Germany, or perhaps Switzerland. Now our hope is that Canadian finances may be available under this guarantee plan so that Canadian exporters may take full advantage of the opportunities that come to their notice.

I listened with interest to the remarks of the hon. member for Welland (Mr. McMillan) who talked about the question of co-insurance and wondered whether some great change was being made there. That matter was dealt with when it was up before the banking and commerce committee of the

Senate, and the hon. member for Welland read out the answer given by the head of the Export Credit Insurance Corporation. At the present time, under the insurance plan 15 per cent is carried by the exporter and 85 per cent by the corporation. But after the operation has reached a much more advanced stage—that is, after the goods have been delivered by the exporter and accepted by the buyer—then the guarantees become operative and it is at that stage that the guarantee reaches 100 per cent.

A question was asked with regard to our trade with the United States and whether the corporation afforded facilities to our exporters to deal with the United States. That has not been necessary in the past. The first instance was brought to our attention just recently when I announced the sale of certain aircraft to the United States under the export credits insurance arrangement based on section 21 of the present act. But most of our transactions in the past with the United States have not required the assistance of this corporation.

Those, I think, Mr. Speaker, are the main points which were raised by my hon. friends. Other matters if unanswered, or other questions which may arise in their minds, might be dealt with at the committee stage.

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

On clause 1—*Export Credits Insurance Corporation.*

Mr. Benidickson: Mr. Chairman, this stage gives us a further opportunity to question the minister. We do appreciate the answers he has given so far to such questions as were asked on second reading; but naturally when one is restricted in that debate one, if dissatisfied as to the completeness of the answer, must take advantage at this stage to ask a few additional questions. I am very concerned about this question of whether this bill is really going to change the situation. We have evidence given before the Senate committee which considered this matter that in the opinion of the officers of the corporation this is merely a matter of a guarantee, and I think that is confirmed by the fact that additional financial liability is not sought in this measure. On page 8 of the minutes of the banking and commerce committee of the Senate, the assistant general manager of the corporation said this:

> The intent is not to finance the export transaction. The exporter would still have to arrange his own financing with any lender who would lend him the money he requires.

It is not my impression that banks, particularly during a period of tight money when they have more requests for money on short term than they can satisfy, are likely by reason of this guarantee to do anything different from what they did in the past to aid exporters.

Mr. Muir, the president of the Royal Bank of Canada, had something to say about this on the occasion of the last annual meeting of the bank. In January, 1958, he said this:

> What he requires is the discount of paper maturing over a period of years or a term loan for a similar period secured by that paper. During a period of tight money, the chartered banks do not have available in any quantity funds for this purpose.

In addition I ask the minister in so far as credit desirability in the hands of the chartered banks is concerned, what is there additional to the guarantee which was not in the existing legislation, which was an insurance, except for the possible difference that the guarantee may be at the rate of 100 per cent, and the evidence is that the insurance has had a co-insurance feature under which the exporter was liable to the extent of 15 per cent. These questions have to be answered. I said something yesterday about window dressing. I want to be assured that measure has some substance. If the intention is not to put up any money but to guarantee money which is put up by some other lender, then I ask: who is the other lender? The banks say that in a period of tight money they cannot lend for long terms because they cannot at the moment fulfil the demands of short term borrowers who are the people they look to first. In other words, is this another blank cartridge, a way of avoiding a problem which everybody recognizes, namely that we are facing worldwide competition with regard to financing long term credit for exports?

In his reply before we reached the committee stage the minister suggested that this matter of the guarantee became effective after the goods were delivered. Let us be practical. I suggest to the minister that this is utter nonsense. If the manufacturer, or seller, or exporter is contemplating a sale which he has not commenced, is there anyone in this committee who thinks that it is not prior to the delivery of the goods that he makes arrangements about the ultimate success of the transaction, including credit? Of course, it is not after the goods are delivered that we come to the question of a guarantee. Before any deal is made whatsoever the seller and the foreign buyer are each going to know what the arrangement is, not only whether or not they are going to get insurance under the legislation we have had in effect for some years but also whether or not they are going to get a guarantee. I say it is

fatuous to assert that this question of guarantee comes up only after the goods have been delivered.

The next question I wish to reiterate in the hope of something more definite from the minister by way of an answer, is this: the minister has indicated that the governor of the Bank of Canada is no longer to be a member of the board of this corporation and he has told the committee this was due to the fact that the governor had intimated that he did not have time in which to fulfil this obligation. But I want the minister to be more positive in this respect. Will he assure the committee that the governor of the Bank of Canada has not shown in any way any distaste for this particular legislation and that his desire to be relieved of his responsibilities in this connection is entirely due to obligations elsewhere and not to any distaste with respect to the amendments before us today.

Mr. Churchill: The hon. member for Kenora-Rainy River is wondering whether this measure is going to be effective at all, and suggests there is no money available for this purpose—

Mr. Benidickson: The bankers say there is not. I quoted an eminent banker as saying there is no money available for this purpose.

Mr. Churchill: Yet much of this was discussed with banks during the last year or so, and the bankers association in consultation with our officials have assured us that they are satisfied that the banks will be able to provide credit when there are guarantees by the government. This is a question of having to wait and see what will happen, but if we have this legislation before us, if it is passed, and the corporation has the authority to guarantee these advances, the exporter is in a position to approach his bankers and discuss the matter with them. At the present time he is not in that favourable position because he has no guarantee available. I suggest it is speculation on the part of the hon. member for Kenora-Rainy River to say that nothing can happen under this legislation. We are prepared to wait and see.

Mr. Benidickson: I did not say that. I said I was sceptical. I want you to encourage me.

Mr. Churchill: The hon. gentleman is a sceptic but we shall prove to him that he is wrong before 12 months are out. With regard to the other point he made, he suggested there was something fatuous—I think that was what he said—with regard to the procedure which I outlined briefly—

Mr. Benidickson: Your statement as to the procedure.

Mr. Churchill: I made that statement this morning and perhaps the wording might have been altered.

Mr. Benidickson: I was referring to what you said this afternoon.

Mr. Churchill: In the first instance, the policy of insurance will be available to the exporter during the time he is getting his goods ready to ship and the guarantee becomes applicable after the goods are accepted by the buyer. One can use the word "accepted" or the word "delivered". The hon. gentleman understands the use of the terms. But naturally—and I think this would be understood—when the exporter is arranging his deal he would ordinarily request a guarantee from the Export Credits Insurance Corporation at the time he was telling them about his prospect and asking for insurance on his proposed transaction, and the corporation, having examined all the factors in the case, as they do now with regard to insurance, would indicate to the exporter whether or not they would be prepared to guarantee the deal. I think that covers the point which was raised. Was there a third question my hon. friend raised or have I covered all points?

Mr. Benidickson: There was another question with which the minister has not dealt. I outlined in quoting the president of the largest commercial bank in this country that banks find difficulty in lending for long periods of time and particularly in a period of tight money. I asked him what was more attractive and more likely to induce these banks to change their attitude in this respect by reason of this legislation which refers to a guarantee in contrast to an insurance coverage to the extent of 85 per cent in the event of possible loss to the original vendor in Canada under the existing legislation? What is more attractive in this legislation to a commercial bank to dissolve the objections I quoted Mr. Muir as outlining as reasons why the commercial banks are not interested in financing four or five year term loans for exporters?

Mr. Churchill: I think the answer to that is that the guarantee makes it more attractive and the fact that the corporation is empowered to buy back under certain circumstances with regard to these guaranteed loans. Therefore the chartered banks would consider that any doubts in their mind would be dispelled because of the possibility of selling to the corporation that loan they had made. That seems to me to give the attractiveness about which my hon. friend is somewhat worried and I believe it represents a slightly better condition than that which prevails at the present time.

Mr. Benidickson: It occurs to me that it would be only a very small bit better unless my original suggestion has some validity and that is that the new guarantee may take the original vendor completely off the hook. In other words, the government would assume 100 per cent liability in contrast to the previous insurance liability which was limited to a co-insurance in the relationship of 85 per cent government and 15 per cent to the original vendor.

Mr. Churchill: There is one matter that should be kept in mind. Although there is 100 per cent liability under the guarantee period that applies in instances where the purchaser has accepted the goods. Under the insurance arrangements a loss might be incurred or a transaction might break down before the goods have been accepted.

Mr. Benidickson: Has it some relationship to the down payment which I referred to in my remarks on second reading? Will they be subject to regulations? Will there be a protection in the matter of down payments just as I indicated was the situation in the United States where the maximum liability is really only 60 per cent in relation to the invoice price?

Mr. Churchill: The experience over the past has been that there has been a minimum of 20 to 25 per cent cash in hand before the goods are shipped.

Mr. McIlraith: The minister in his remarks has indicated the need for some assistance to exporters at this time because of the developing competition particularly in the fields of financing and credit for exports and everyone agrees with the need. The question now is that of getting the best possible bill to meet that need. Our criticism of the bill is directed to that purpose and does not apply to any question of the need for assistance to exporters.

When we were talking about the guarantees under the bill the minister indicated that the banks as a source of financing would be guaranteed payment. In his preparation of this bill has the minister had in mind any sources of financing other than the commercial banks?

Mr. Churchill: I was perhaps a little careless in my phraseology on that point. Throughout our discussions I intended to convey the thought that any lender is considered to be suitable as far as this proposed amendment is concerned.

Mr. McIlraith: The banks being allegedly short of funds for commercial loans now, they will become even shorter if they start buying long term government guaranteed discount paper. They are already in some difficulty because they hold so many government bonds of terms longer than those in which their funds are usually tied up. That is possibly one difficulty. However, I do not suppose there is too much point in stressing the difficulties we may foresee. However, I do not think the minister should assume that this provides an easy solution for all the problems in this field.

The minister came before the house last year with amending legislation to the Export Credits Insurance Act to increase the amount of liability under section 21 of the act from $100 million to $200 million. The effect of this new bill is to reduce the liability that can be available for insurance under that section. Could the minister enlighten us as to why, in the light of the remarks he made last year on the point, he now feels there is no need for the authority for insurance under that section for the increased amount of $200 million?

Mr. Churchill: I do not quite follow the hon. gentleman in his question. We still commence with the insurance principle and then follow that up with a guarantee. This will not take anything away from the activities of the corporation under section 21 as they have been carried out in the past.

Mr. McIlraith: As I understand it the insurance will have ended at the time the guarantee takes over, is that not correct?

Mr. Churchill: Yes, that is quite true. The insurance ends when the guarantee commences, but, vice versa, in some of these instances there would be no insurance unless we were prepared to guarantee.

Mr. McIlraith: What I am coming to is this. Dealing only with section 21 of the act, the minister is now authorized to insure under that section to the extent of $200 million of insurance contracts outstanding at any one time. The gross liability now being provided is only $200 million for both the insurance contracts and the guaranteed negotiable instruments. In other words, to the extent that you have guaranteed negotiable instruments you have reduced the amount available for insurance purposes under this section. When the guarantee operation comes into effect the insurance contract has terminated. If you use up $100 million for the guarantee on your negotiable instruments then you have only $100 million available for the insurance provision under section 21. If the minister's argument a year ago was correct and if we needed to increase the amount to $200 million, we are in effect now reducing the amount.

Mr. Churchill: I do not see the matter in quite that way.

Mr. McIlraith: That is the point I wish to have clarified.

Mr. Churchill: If the guarantee was not established, the insurance would continue. The one replaces the other. There is no change in the total sum. There is no reduction in the amount of money available for insurance. Let us consider a concrete example. Aircraft are being exported to another country under an insurance policy. As time elapses and the terms are suitable, the guarantee is applied rather than the insurance. That is the only difference. The amount of money is the same.

Mr. McIlraith: I think I have not succeeded in elucidating my point. Under the existing law, when exporters are not able to finance their exports or are having difficulty in doing so—or else we would not have had this legislation—we authorize the insurance of export credits up to the amount of $200 million. Now we are seeking to help the exporters still more to obtain contracts they cannot at present obtain because they cannot meet the long term credit financing arrangements given by competitors in other countries. We are therefore seeking to enlarge the export business by this measure. If we have provided for that additional business by way of guaranteeing long term credit or long term negotiable instruments, then surely that reduces the amount available for the export insurance features of the existing act.

Mr. Churchill: We looked at it in this way. We thought it would make it easier for the exporter to get the money required to finance the sale of his goods abroad. It is additional to the insurance factor which has been extremely helpful up to the present time. But this provision goes one step beyond that and is an inducement to the lender to give assistance to exporters.

Mr. McIlraith: It will undoubtedly assist the exporter. I have some hopes of the bill doing a good deal to help him. However, I still think that the net effect of it is to reduce the funds available for the insurance features of the act as it now exists. In any event, perhaps I could come at the point in another way. There may not be a need over the present limit under section 21 of the act. It may be that the amount authorized under that section is larger than was actually needed. Perhaps we can come at that point in another way. Would the minister give to me the total amount of insurance policies outstanding for general commodities, outstanding for capital goods policies and outstanding under section 21, if he has it available in that form, or in whatever form he has it available for the latest period?

Mr. Benidickson: Since the annual report.

Mr. Churchill: We will have the answers in just a minute. Under section 21 the total outstanding is $42,798,873. Yesterday two policies were issued in a total amount of $50 million, raising that total under section 21 to $92,798,873.

Mr. Benidickson: One of those policies was an aircraft policy, was it?

Mr. Churchill: Both were aircraft policies.

Mr. McIlraith: Were those aircraft policies additional to the aircraft policies covered by the orders in council of June 11, 1959 covering the purchases by the Flying Tiger Line, Inc., and Seaboard and Western Airlines, Inc. from Canadair Limited?

Mr. Churchill: The same ones as mentioned in those orders in council.

Mr. McIlraith: That means that there is only $108 million available for the additional insurance under section 21 and for the guaranteeing and buying of paper?

Mr. Churchill: That is right.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Board of directors.*

Mr. McIlraith: The present set-up of directors under the present legislation is that in addition to the deputy minister of finance, the deputy minister of trade and commerce and the governor of the Bank of Canada, there shall be four other directors. The new legislation provides that the deputy minister of finance and the deputy minister of trade and commerce shall be directors and that there shall be five other directors. Those four other directors were all public servants; that is to say, they were either the president of the corporation or associate deputy minister of trade and commerce and so on. What I want to ask the minister is this. Does the minister contemplate replacing the governor of the Bank of Canada by a civil servant or does he propose to replace him by a director appointed from outside the public service of Canada?

Mr. Churchill: That matter has not been given consideration. My thought at the moment is that we would more than likely continue the present practice of having senior civil servants as members of the board of directors. The present chairman is Mr. John H. English, deputy minister of trade and commerce; Mr. K. W. Taylor, deputy minister of finance; Mr. L. C. Audette, chairman of the Canadian Maritime Commission; Mr. A. F. W. Plumptre, assistant deputy minister of

finance; Mr. J. A. Roberts, associate deputy minister of trade and commerce; and Mr. H. T. Aitken, who is president and general manager. I think the vacancy would be filled from among experienced civil servants.

Mr. McIlraith: May I point out that at the very time the minister is authorizing the corporation to engage in wholly new operations which are by their nature commercial banking operations, he is removing from the board of directors the only banking authority we have on it. I would ask him to bear that point in mind. I realize that there would be no point in my going further in this matter. I express to him the hope that he would seek to acknowledge the need for experience in the commercial banking field on the board of directors.

Clause agreed to.

Clause 4 agreed to.

On clause 5—*Definitions.*

Mr. McIlraith: I want to ask the minister about the buying and selling of instruments under clause 5. What does he contemplate as the extent to which the corporation will be expected to engage in the buying and selling of instruments?

Mr. Churchill: The privilege is there and it is a case of looking toward the future. The present thinking of the corporation is that we will not be buying, and there it rests. Experience will show whether or not that is a correct forecast.

Mr. McIlraith: Under the form of the bill the buying and selling of guaranteed instruments is in exactly the same position as the right to guarantee. I take it from what the minister has said today and from the evidence given before the banking and commerce committee in the other place that it is the intention of the minister that under the new legislation the corporation will be engaged primarily in the guaranteeing part of the operation as opposed to the buying part.

Mr. Churchill: That is quite correct. My hon. friend has summarized it very accurately.

Mr. McIlraith: There is one question here that I think should be clarified. It is interesting that the provision of the right to buy and sell this type of paper, for which there is great need, should be brought before the house by the government shortly after parliament has granted a charter to a private corporation by special act to engage in the buying and selling of this type of paper. If it is a fair question, I should like to ask the minister if at the time the bill was brought forward in the first instance he knew about the private legislation on this subject or had it been brought forward at that time?

Mr. Churchill: I was not aware that a privvate bill was coming forward when steps were taken leading up to the bill now before the house. As a matter of fact, this matter goes back quite some time. I raised this problem with the officials of the department early in the fall of 1957. The hon. member for Greenwood, Minister without Portfolio, spent a great deal of time working on the problem and consulting with experienced people in the business world. In the early conversations we had he expressed the hope to me that something would be done by private financial institutions or private individuals along the line we are now suggesting. Subsequently as the matter carried on month after month, I reached the conclusion and he concurred that there was no assurance that a corporation would be set up under private auspices and therefore we should go ahead with the proposal now before the committee. The direct answer to my hon. friend's question is that at the time we laid the foundation for this bill and commenced drafting it we were not aware that the other measure was going to come before the house.

Mr. McIlraith: I think the minister has dealt satisfactorily with the point that was troubling me and has made it quite clear that it is not the intention of the government to enter unduly into direct competition with the private corporation set up in this field. He has indicated that while technically he has the right to do so it is not what he contemplated in bringing the bill forward.

I wish to pursue one other point for a moment. The minister indicated that it was proposed to guarantee instruments of more than $250,000 in amount and two years in duration. I assume that the amount is set by regulation under the act and I would ask him to consider reducing it. My information is that there is a volume of business available in Canada for small manufacturers by way of increased exports and that these small manufacturers who do not have the financial resources who may need assistance in order to make a start in the export field.

I have in mind particularly export to the United States. These firms are so small in size that they just do not have the financial resources to enter into the export market. I think there is a field for expansion there which should be examined very carefully. I know that there has been practically no need for the insurance provisions of the act to be used for exports to the United States. I am aware of that, but it seems to me there is this other new field where there is a good possibility of expanding our exports and I

would hope that as time goes on and experience is gained with this legislation the minister will bear that in mind and consider reducing the amount of $250,000 if the circumstances warrant.

Mr. Churchill: I appreciate the hon. member's interest in this matter and his very reasonable suggestion. It will be borne in mind. Up to the present time the experience of the corporation is that there has not been too much difficulty with amounts under the one I mentioned in the course of my remarks or in the case of terms less than two years. There has not been too much difficulty in getting the banks to assist and exporters to the United States can get credit insurance from private insurance corporations. Nevertheless, the enlargement of our exports to the United States is a matter of prime importance and the corporation will take note of these remarks today and if it is necessary to modify the suggestion I made I am sure it could be modified.

Mr. McIlraith: I have one more point in connection with the minister's reply. I know of one exporter to the United States who is paying a rate exceeding 13 per cent to discount insured export instruments. It is a very real and practical problem. If something can be done to get that class of exporter into the export business in a larger way it would be a very important step and guarantees under this legislation could be very helpful.

I have one other point I should like to raise. The very last part of the bill deals with the requirement for tabling orders in council made under sections 21 and 21A. As was pointed out by the minister, it provides that orders in council made while parliament is in session shall be laid before parliament during such session. In other words, orders in council passed at the commencement of a session need not be tabled until the last day in order to comply with the legislation. I am not asking for an amendment of that clause, but the minister rather neatly pointed up this difficulty for me some days ago when I asked for the orders in council in connection with the sale of grain to Poland. Would the minister consider having the practice adopted by the corporation of tabling these orders in council as soon after they are passed as is practicable?

Mr. Churchill: I think that might well be adopted as a practice by the corporation. There is no need for any delay in tabling them, and the information is important and quite valuable and is an indication of the extent of our export business.

Mr. Benidickson: I was interested, Mr. Chairman, in the remarks of the minister in answer to a question asked by the hon. member for Ottawa West just a few minutes ago. The minister related some of the background preparation for this bill and referred to conversations he had or the assistance he had from the Minister without Portfolio, the hon. member for Greenwood, concerning the possibility of enlarging export trade and the relationship of the timing with the development of a private corporation doing some rediscounting in this field. I may say that after reading the speech delivered at the annual meeting of the Royal Bank, I think it was in 1956, by Mr. Muir, I drew to the attention of some senior officials of government his opinion as to the desirability of something of this nature. I have already indicated to the committee that I am rather sceptical that the commercial banks are likely to be very important primary lenders in this field, and I am concerned about the actual results we will shortly see flowing from this legislation if, in the opinion of the corporation and in accordance with the evidence officials gave before the banking and commerce committee of the Senate, they are really looking forward to being merely guarantors of the lending that is done by other sources.

My question is this: Is this new private corporation, which was incorporated at this session a lender that would find it possible to obtain guarantees under the terms of this legislation?

Mr. Churchill: Yes, that is quite right; it could be a lender and it could ask for a guarantee from export credits insurance.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time, now?

Some hon. Members: By leave.

Mr. Churchill moved the third reading of the bill.

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

CRIMINAL CODE

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. C-58, to amend the Criminal Code.

(Translation):

Mr. Raymond Eudes (Hochelaga): Mr. Speaker, this bill involves 37 variously significant amendments to the Criminal Code.

At this stage of our discussions, I shall be satisfied to comment, as briefly as possible, on amendments to the chapters of the Criminal Code under the headings "Offensive weapons" and "Offences tending to corrupt morals".

Section 5 of this bill amends section 82 of the Criminal Code, dealing with the possession of weapons, assimilating the imitation thereof to the genuine offensive weapon. That amendment will I am sure, receive unanimous endorsement in this house.

In recent years, more and more thefts have been committed by bandits who, in order to frighten or overpower their victims, used nothing more than an imitation firearm. This imitation weapon achieves the same result as would a real one. It is therefore logical to consider that the possession of an imitation weapon constitutes an offence identical to the possession of a real one. That is precisely the purpose of section 5 which, we hope, will help remedy a situation which, in the field of crime is becoming quite alarming.

As for sections 6, 7 and 8 of this bill, they amend sections 90, 91 and 94 in the same chapter of the Criminal Code and their purpose is to impose further restrictions on the use of firearms. Indeed the growing use of firearms is causing general anxiety.

In *La Presse* for April 21 last, Hon. Justice Wilfrid Lazure, president of the Queen's Bench Court, is quoted as saying:

There should be a law prohibiting the sale and use of revolvers in this country. During my 20 years on the bench, I have found, as everybody has, that 75 per cent of crimes are caused by firearms.

Prisoners at the bar state that they never had the intention of using their gun; yet they always do.

This solemn statement from so qualified an authority cannot fail to impress the legislator or the public.

A reporter from the Montreal *Gazette* wrote on June 1st:

(Text):

Police officers in a position to know estimate that upwards of 2,000 Montreal hoodlums are habitually armed with concealed weapons; and each one of them constitutes a threat to innocent bystanders, a fact proven by the fatal wounding of a young man in St. Henry last week. The identity of nearly all these hoodlums is known; but efforts to disarm them are made futile by the fact only minor penalties are called for in the law covering concealed weapons unless they are actually used in the commission of a crime, when the penalty is more severe. For each shooting incident which finds its way into a police report, there are several which are unreported, according to detectives who know of such shootings but who can't make a case on them because no one will talk. More teeth in the law covering concealed weapons would be most welcome to police, who could then make things tough for armed hoodlums, a thing they can't do under present laws.

(Translation):

Yet, that impressive number of firearms does not take into account thousands of others belonging to citizens of good repute.

Is it actually necessary that so many people should legally be in possession of a firearm? Those firearms which the law allows people to possess are too frequently, in fact, the cause of fatal accidents and deplorable crimes.

How many crimes would have been avoided if people who committed them had not been in possession, even legally, of a firearm?

How is it that, in spite of the minute precautions with which law-makers have surrounded the manufacture, sale, use and exchange of firearms, any self-respecting bandit manages to get one, and often several, of those dangerous objects?

Either the law is not stringent enough, or it is not adequately enforced.

The proposed amendments embodied in sections 6 and 7 of the bill are an improvement on the present legislation which will henceforth extend to persons who lend a firearm or are engaged in the business of repairing firearms.

Let us hope those amendments will help reduce the number of arms which, somehow come into the possession of people who should not have them.

One should not, however, overlook the necessity, for the sake of public safety, of a frequent review of the situation in that field as well as the enforcement of the law in all its rigour.

Now, Mr. Speaker, may I be allowed to make a few remarks on sections 11, 12 and 13 of bill C-58 amending the Criminal Code under the chapter entitled "Offences tending to corrupt morals".

(Text):

Mr. Speaker: I wonder if the hon. member would consider dealing with these specific items in committee? I appreciate the bill proposes a number of unrelated amendments and there is no general idea to discuss. If the hon. member wishes to group clauses together he may do so, but it seems to me we would have more orderly discussion of the amendments if the clauses were discussed as they are called in committee when there can be debate on each particular item as it comes up.

Mr. Chevrier: Mr. Speaker, may I draw your attention to the fact that the hon. member has been selected to be the spokesman for the opposition, and it did appear to us at the time that if he made a statement on

the first clause the minister would not disagree with that course, because it will save a great deal of time later on.

Mr. Speaker: I am not objecting to the course followed. I think the hon. member is endeavouring to deal with the bill as it should be dealt with on second reading, I simply asked the hon. member if he might deal with it the other way.

Mr. Fulton: May I just say a word, Mr. Speaker? I particularly do not want to appear discourteous to hon. members, in that I have not made a statement on second reading. I did not do it for the very reason Your Honour mentioned, namely because it seems impossible to isolate the principle of this bill to be debated on second reading because it consists of a number of detailed amendments to various sections of the Criminal Code. I wanted to make that explanation to let the house know that that is the reason why I did not make a statement.

However, having said that, I have no objection at all if any hon. member wishes to discuss matters general on clause 1; but I would ask hon. members to endeavour not to get into discussion on details because I think we can wait until we discuss specific clauses.

Mr. Eudes: May I continue in a general way, Mr. Speaker?

Mr. Speaker: Yes.

(Translation):

Mr. Eudes: In the last ten years especially, the public has been aroused by the ravages caused, at all population levels, by obscenity.

Groups of investigators and workers have cropped up all over the world to fight literature, entertainment shows, newspapers, in short all vehicles of human thought which, under the pretext of educating or entertaining, do in fact corrupt or deprave society. However, these problems raised by obscenity are nothing new.

For centuries, every government, and particularly Christian governments, have been concerned with this problem and have tried to cope with it. Recently, in 1951, the international union for the protection of public morality was established in Paris. This union, which now includes 74 organizations from 17 different countries, steadily strives to coordinate efforts made in the various countries to protect public morality.

Its first international convention, held at Cologne in May 1955, was attended by 250 delegates from all parts of the world, who studied the problem of children and young people against the background of public immorality.

The second convention, which dealt with "public opinion and public morality", was held last July at Freiburg, in Switzerland.

It will be seen that everywhere public opinion is concerned with the serious problems raised by obscenity and immorality.

Our own responsibility, as lawmakers, is mainly to seek more efficient legislation to prevent and stop the circulation of obscene matter. Legislation, indeed, is necessary to insure the preservation of morality.

It would, however, be foolish to assume that the state can check immorality through legislation alone.

This objective can be reached only with the active co-operation of individuals. Insuring an atmosphere of healthy morality within the community is indeed a primary responsibility of the individual, through the priority of natural law. If every individual watched his own morals, the problem of obscenity would not arise.

For several years in Canada, a commendable campaign has been going on, in every section of the community and in every part of the country, to increase the efficiency of present legislation in the field of obscenity.

The lack of a clear definition of the word "obscene" in our legislation is an obstacle to legal action, because decisions are thus left to the often hesitant interpretation of a court or jury.

However, it is quite a task to work out a legal definition of the term obscenity.

Obscenity is that which offends modesty; and modesty is a feeling of honest shame, caused by apprehension of what can cause offence to sexual decency.

How can we derive from these two concepts a definition of obscenity which would be all at once precise, useful and practical for judges, juries and law enforcement officers?

Then, too, the subjective and relative character inherent in the concept of obscenity makes the definition extremely difficult. What one person considers as obscene might not seem so to someone else. To determine the obscenity of a certain production, for instance, one must examine the character, the education, the background and experience of the person who is reached by it. Thus do opinions about the obscenity of a certain thing vary from one court to the other, from one country to another.

Then too, one must guard against giving of the word obscene a definition so comprehensive that it would stifle the creation and diffusion of artistic production.

Private Bills

In spite of the technical difficulty of that definition of obscenity, legislators in general have striven to enact the best possible legislation to fight obscenity and check immorality.

A quick survey of legislation in other countries will enlighten us on the meaning they ascribe to the word obscene and the importance they attach to problems arising out of obscenity.

Since 1868, in England, the courts have faithfully abided in their judgments relating to trials on charges of obscenity, by the standard established by Judge Cockburn in the famous case of The Queen *v.* Hicklin, and I quote:

> The matter alleged obscene must tend to deprave and corrupt those whose mind is amenable to such immoral influences and into whose hands such a publication may fall.

That criterion makes it possible to condemn a publication without considering it as a whole, so long as a single passage of that publication tends to deprave and corrupt. That criterion requires—in legal parlance—as an essential element of the offence of obscenity, the tendency to deprave and corrupt.

Some moralists have had no hesitation in calling it obsolete, antisocial and ill founded. Indeed, how many timeless masterpieces born of the human mind, and expressing man's position and problems in relation to the absolute, would escape condemnation if that criterion were applied to the letter?

Shakespeare and Racine, for instance, and the Bible itself, would be cast aside.

Interest in this matter has created a reaction among English lawmakers. On November 18, 1958 after three years of unsuccessful attempts, the member for Birmingham, Stechford, Mr. Roy Jenkins, introduced in the House of Commons, in London:

(Text):

> A Bill to amend the law relating to the publication of obsene matter; to provide for the protection of literature; and to strengthen the law concerning pornography.

Mr. Speaker: Will this be a convenient place for the hon. member to break his address?

Mr. Eudes: Yes.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

Mr. R. J. McCleave (Halifax): Mr. Speaker, filling in this afternoon for the hon. member for York West (Mr. Hamilton), I understand that one member who sponsors item No. 74 on the order paper, the second reading of Bill S-28, wishes to join the company who are going to greet Her Majesty in a short while, and I wonder if with the unanimous consent of the house that item could be called first.

Mr. Speaker: The suggestion is that item No. 74 be taken ahead of all others?

Mr. McCleave: Yes, Your Honour. The other items are items for committee.

Mr. Speaker: Is the house agreeable to the suggested course?

Some hon. Members: Agreed.

STANDARD TRUST COMPANY

Mr. B. C. Thompson (Northumberland) moved the second reading of Bill S-28 to incorporate Standard Trust Company.

He said: Mr. Speaker, I thank hon. members for their indulgence and I wish to explain briefly the objects and effects of this bill. The bill is drafted along the normal lines described in the Trust Companies Act and the object is to incorporate those persons who are named in clause 1 as a corporation under the name of the Standard Trust Company to carry on the business of a trust company.

All the petitioners have had extensive business experience and are, in my view, well qualified to direct and manage a company of this kind. I might briefly refer to the names and occupations of each petitioner for the benefit of the house. First, is Mr. Stephen B. Roman, president of a number of mining companies which own and operate properties in the province of Ontario. He resides on a large farm adjacent to Unionville, Ontario. Bertram E. Willoughby, the second sponsor, resides in Toronto. He is a well known real estate agent in that city, and is an officer and director of a number of mining companies. Wilbur C. Cochrane also resides at Toronto. He is president of Cochrane Dunlop Hardware Company Limited, a well known wholesale hardware firm doing business throughout Ontario, as well as being a director of a number of companies. Harry A. Willis is a solicitor residing at Belfountain, Ontario. He carries on his law practice in the city of Toronto, and is a senior member of the well known legal firm of Willis and Dingwall. He is a member of the board of governors of McMaster University and a director of a number of companies doing business in Ontario. Murray Axmith is an executive and a chartered accountant, and a director and officer of a number of companies in Ontario; he resides in the township of Etobicoke. Wesley G. Thompson is a large farmer and the owner and operator of a feed mill in

western Ontario. He is a former member of the legislative assembly of the province of Ontario, and for a period of three years served as minister of lands and forests for the province of Ontario. Mr. Thompson resides at Ridgetown in south western Ontario. George G. Rodanz resides at Stouffville, Ontario. He is a large farmer and is a director of the royal agricultural winter fair and the Canadian national exhibition, as well as being past president of the Ontario hereford association. John Bull, the last named sponsor is a large farmer and breeder of purebred Jersey cattle. He resides at Brampton, Ontario.

Hon. members will note that it is provided in clause 3 that the capital stock of the company shall be $3 million which may be increased to $5 million. In clause 4 it is provided that $500,000 must be subscribed before the provisional directors can call a general meeting of shareholders for the purpose of organizing the company. Clause 5 provides that the company shall not commence business until at least $1 million of the capital stock has been subscribed, and at least $1 million paid thereon. These provisions all come well within the terms of the Trust Companies Act.

I understand that the name "Standard Trust Company" is satisfactory to the officials of the federal department of insurance and also to the officials of the Department of the Secretary of State but should it occur at any stage of the proceedings that the name does not meet with the approval of those concerned, the petitioners are willing to have the name changed. In closing, I might add that it is provided in clause 7 of the bill that the company shall have all the powers, privileges and immunities and shall be subject to all the limitations, liabilities and provisions conferred by the Trust Companies Act.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

THE FREE METHODIST CHURCH IN CANADA

Mr. R. J. McCleave (Halifax) (for Mr. Morton) moved that the house go into committee on Bill No. S-27 to incorporate the Free Methodist Church in Canada.

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

On clause 1—*Merger and Incorporation.*

Mr. McCleave: Again, if I may be allowed a brief word of comment, I am substituting for another member who has been in Toronto on the occasion of the visit of Her Majesty the Queen. I have some familiarity with the legal aspect of this bill in the sense that it came before the committee over which I have the honour to preside as chairman and at that time we had the advantage of the appearance before us of the reverend gentlemen representing the two churches involved in this merger, as well as parliamentary counsel. Perhaps it would be of interest to the committee if I noted very briefly that the terms set forth in this bill are similar to those in the bill which incorporated the United Church of Canada over a quarter of a century ago which have been used as a precedent whenever two large congregations or two churches with a large number of members are merged into one.

The interesting provisions in the bill are those which provide for the protection of certain congregations which may not wish to go along with the union. We went very carefully in committee into this question of the protection of any dissentients, and that is the point I wanted to mention to the committee this afternoon.

Clause agreed to.

Clauses 2 to 14 agreed to.

Schedules agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

The Acting Chairman (Mr. MacEwan): Is it agreed that Bills Nos. SD-340 to SD-348 inclusive be considered as a group?

Some hon. Members: Agreed.

Bill SD-340, for the relief of Timothy Allan Moran. (Without Amendment).—Mr. McCleave.

Bill SD-341, for the relief of Antonio Choma. (Without Amendment).—Mr. McCleave.

Bill SD-342, for the relief of Helen Ruby Riley Onions. (Without Amendment).—Mr. McCleave.

Bill SD-343, for the relief of Simone Alberta Chretien Welsh. (Without Amendment).—Mr. McCleave.

Bill SD-344, for the relief of Edward John Mendelsohn. (Without Amendment).—Mr. McCleave.

Bill SD-345, for the relief of Marcus Gilmour. (Without Amendment).—Mr. McCleave.

Bill SD-346, for the relief of Joyce Rosemary Hudson Plam. (Without Amendment).—Mr. McCleave.

Private Bills—Divorce

Bill SD-347, for the relief of Bernard Lawrence Boire. (Without Amendment).—Mr. McCleave.

Bill SD-348, for the relief of Marie Madeleine Marielle Faust Morin. (Without Amendment).—Mr. McCleave.

The Acting Chairman (Mr. MacEwan): Does the committee agree to consider as a group Bills Nos. SD-19 to SD-291 inclusive, being items Nos. 61 to 73 at page 12 of today's order paper?

Some hon. Members: Agreed.

Bill SD-19, for the relief of Ruth Georgina Potts Dobie. (Without Amendment).—Mr. McCleave.

Bill SD-20, for the relief of Patricia Burnell Fraser Rosensweig. (Without Amendment).—Mr. McCleave.

Bill SD-98, for the relief of Dawn Jean McKenzie Barr. (Without Amendment).—Mr. McCleave.

Bill SD-99, for the relief of Helen Ann Kovach Ujvary. (Without Amendment).—Mr. McCleave.

Bill SD-100, for the relief of David Scott Brown. (Without Amendment).—Mr. McCleave.

Bill SD-101, for the relief of Doris Margaret Turner Smiley. (Without Amendment).—Mr. McCleave.

Bill SD-104, for the relief of Angelo Ciamarro. (Without Amendment).—Mr. McCleave.

Bill SD-110, for the relief of Gustave Rene Gosselin. (Without Amendment).—Mr. McCleave.

Bill SD-111, for the relief of Marie Berthe Jeannine Quesnel Patenaude. (Without Amendment).—Mr. McCleave.

Bill SD-136, for the relief of Mary Athanas Copis. (Without Amendment).—Mr. McCleave.

Bill SD-275, for the relief of Greta Libenstein Goldfeder. (Without Amendment).—Mr. McCleave.

Bill SD-276, for the relief of Andre Maurice Petit. (Without Amendment).—Mr. McCleave.

Bill SD-291, for the relief of Jean Huard DeRoberval. (Without Amendment).—Mr. McCleave.

Mr. McCleave: Mr. Chairman, I have a reason for asking that separate consideration be given to this particular group of divorce bills which appears at page 12 of the routine proceedings and orders of the day. Hon. members who read the numbers of the bills will see that they go all the way from No. 19 to No. 291. Some time ago on the debate on divorce bills I had occasion to mention that a dozen or so bills were being held back by the committee for special consideration. Perhaps the committee may be interested at this time in having a special report as to why this unusual course was adopted.

The other day, I think for the first time in the memory of anyone who is in parliament in the chamber at either this end or the other end of the building, there was a joint meeting of committee members who are charged with the difficult task of looking after the divorce petitions which come before parliament. While this meeting was an informal one in the sense that it was held without the sanction of either chamber it was none the less a highly important one in my opinion and I think perhaps hon. members of this committee will agree with me when I relate to them the kind of discussion we held and the results that were achieved.

So that I may be perfectly in order, Mr. Chairman, I can assure you that what we did discuss was based in each case on points that arose during consideration of the cases that are now being considered by the committee. Unless I am specifically asked to I should not like to single out these special cases by name but I do promise and assure you, sir, that I will not deviate from the practice of dealing strictly with points that arose in the consideration of bills that are on the order paper this afternoon.

It was the purpose of the meeting to have both groups get to know each other better and to assist in appreciating the problems that arise in the first instance at trial, and of course the trials for the most part are conducted by the divorce committee of the other place. A secondary purpose was to give hon. gentlemen of that committee from the other place some appreciation of the problems that we as members of parliament have when we read the record of proceedings over there and have to make our own decision as to whether or not to grant divorce to the petitioners.

In some of these cases the problem that confronts us could be placed under the general category of an incomplete record. That is to say that some of our members felt there were not enough questions and answers on the record of proceedings of the other place to give us a complete story so that we would be justified in recommending that a divorce be granted. For example, in five or six of the cases that are before us this afternoon hon. members felt that the petitioners had not specifically negatived the three C's in divorce practice; that is, collusion, condonation and connivance. This particular groups of cases was discussed with

hon. gentlemen of the other place. We attempted to understand their problems in conducting the trial. They have a great number of them during the course of the year. They could see our point that if the records are incomplete it renders it difficult to reach a judicial decision on our part at this end of the hallway.

In another case we considered, the point of major concern was that of the inference that is to be drawn when certain parties are found together. The case that gave the committee of this house the most concern involved a man who appeared to be so intoxicated that he hardly knew what he was doing and there were grave doubts that he could do anything at all. We discussed the question of the inference that could be drawn from finding a man in such a condition even though he was found in the compromising position of being with a woman in a hotel room. There was a useful discussion on the law concerning the inference that is to be drawn from evidence.

Another point brought before hon. gentlemen of the other place on which we had the advantage of an exchange of views concerned the burden of evidence that must be produced by a party seeking relief in parliament from a marriage that has broken up. This particular case involved two parties where a husband and the wife of another man had misconducted themselves in a motel. About the only evidence that they had done so came from the mouths of these parties themselves. Our committee was concerned that there was no independent evidence to lend a little more veracity to their statement. The question of obtaining independent evidence in some of these cases was explored.

Another point we discussed with hon. gentlemen of the other place concerned the legal definition of connivance. One case involved a husband who had watched his wife enter a cabin by the beach with another man and while under ordinary circumstances this would undoubtedly constitute some form of connivance it was pointed out that here the husband had some ground for suspecting his wife over previous months and that in effect he was merely closing the trap that brought him the final evidence he needed for his divorce.

One very basic point that was raised in the discussions, and hon. gentlemen of the other place have agreed to consider it in examining their divorce rules, was the fact of domicile. As I pointed out some time ago, Mr. Chairman, years ago a person could not come before parliament by private petition if he or she had a remedy in some other way. If you construe this in reference to divorce practice a person should not come before parliament and burden us with his problems if there is a remedy available in the provincial courts. As everybody knows there are only two provinces where such a remedy is not available in the courts and these are the provinces of Quebec and Newfoundland. It is interesting to point out that 342 of the 345 cases that came before us, properly came before us. Once in a while we encounter a case where it appears that the action should have been brought in Ontario or New Brunswick—those are the two provinces bordering on Quebec—or some other province where the husband might have acquired legal domicile. These cases give us a great deal of concern. We thought that the divorce committee of the other place might have relaxed the gate somewhat and let in some of the doubtful cases but we were informed that their practice is to look at the petition and if a doubt about domicile is raised they make it a rule to suggest to the party that he proceed in a provincial court.

This is done before the party expends the sum of money that is necessary for a parliamentary divorce which, as hon. members know, involves the filing of $200 for the privilege of appearing in parliament and also involves other expenses ranging upwards of $1,000 for the employing of lawyers and detectives. As I say, some of these cases—two of them, in fact—concerned the point of domicile. It was the first time that our committee had been aware of that particular practice that was carried out by the divorce committee in the other place to see that there was a proper screening. As a result, we came away a great deal happier on that point alone.

Finally, there are two points I wish to mention. Several times during the year we have had difficulty when we found out that there were prior legal proceedings which affected the marriage but which were not disclosed to parliament either in the petition or in the evidence that was taken in the other place. In some provinces it is the practice to require that such information be set forth in the petition. In other provinces it is apparently not the practice to do so. After considerable discussion the hon. gentlemen on the committee of the other place agreed that they would look into this matter and possibly amend the divorce rules so that the parties in Quebec would be perfectly sure of what they were required to disclose in bringing their petitions before parliament.

The final case in point concerned a case which was contested in the Senate but which was not contested on our side, in which there was some evidence by the wife that she had been beguiled into an affair with the co-respondent on the suggestion of the husband,

that is that the wife had taken directions from her husband to go out and commit an offence which in effect was adultery. This ordinarily would not have given the committee concern because the senators in the other place had heard the evidence and had made a finding after listening to the words of the wife and weighing all the evidence. But we were concerned and worried about this case because a child was involved. We therefore took the rather unusual course of simply holding up discussion in our committee until we could talk to the gentlemen of the other place who had seen the witnesses and had observed the demeanour, mien and conduct of the parties. We were reassured by them that they had made their finding only after the most anxious considerations and that they truly believed that the woman was telling a put-up story in making the defence that she made. With that information the committee was able to reach a decision.

To sum the matter up briefly, we went over a great number of points that had bothered us during the past two years during which I and other members of the committee have been seized of this rather difficult bit of business. We have taken up some points with these people and they have found out our problems and we have found out their problems. I think certain changes will be made in the rules of the other place so that in this business, dismal as it is—because it must come before parliament and cannot go elsewhere—the practice will be made a better practice.

SECOND READINGS—SENATE BILLS

Bill SD-349, for the relief of Charles Guy Comeau.—Mr. McCleave.

Bill SD-350, for the relief of Juanita Patricia Hamilton Long.—Mr. McCleave.

Bill SD-351, for the relief of Benjamin Gordon Davidson.—Mr. McCleave.

Bill SD-352, for the relief of Margaret Isabella MacKellar Thomas.—Mr. McCleave.

Bill SD-353, for the relief of Philip Joseph Kelly.—Mr. McCleave.

CANADA ELECTIONS ACT

AMENDMENT REQUIRING RETURNS SHOWING INCOME OF POLITICAL PARTIES

The house resumed, from Friday, March 13, consideration of the motion of Mr. Howard for the second reading of Bill No. C-17, to amend the Canada Elections Act (election expenses).

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, in resuming debate on this bill I should like to make the point that from a personal point of view I have gone into the question of election expenses in considerable detail and I feel that this bill would serve a useful purpose. One of the things that rather shocks one in examining a present list of expenses, as they are set out in the returns made to the chief returning officer, is the tremendous variation in the totals of election expenses. The variations are so great that one cannot doubt that many of the returns are not a completely true picture of the election expenses. I can think of certain constituencies where one can only laugh at the returns that are given in so far as election expense totals are concerned. If this aspect of the election expenses is laughable,—as I think most hon. members will admit that it is—I think it is perhaps the most honest part of election expenses and election campaigns. The real intent of this bill is to get at the much larger expenses that are undertaken by the parties during the campaign, especially the expenses of the national organizations. I totalled all the expenses returned by the Conservative candidates and if you can believe the returns, which I suggest you cannot—I do not mean that as a reflection on the Conservative candidates; it is a reflection on all candidates—the total for Conservative candidates is pretty close to $3 million. In the last campaign the Liberal candidates had less money and their total was around $2 million. Those martyrs who fought for the C.C.F. declared total expenses of approximately $600,000.

I must confess I was disappointed that so many candidates, including C.C.F. candidates, had not submitted election expense returns. I think this is another indication of the fact that they do not take the whole matter of election expenses seriously enough. The hon. member who introduced the bill had the intention of both the British Columbia legislation and the British legislation in mind where there are very definite limits, especially in Great Britain, on the amount of money that candidates and organizations can spend, and one gathers from the British press that there are no breaches, that this is honoured by the parties concerned.

It seems to me that one of the things that a true declaration of election expenses would reveal would be the basis of support of the political parties. I have been intrigued that several of our newspapers have become very concerned over the fact that no one really knows what are the sources of party funds. It was interesting that in the last Ontario provincial election Premier Frost, when queried on this point, took the same stand as Right Hon. Mackenzie King took years ago, that after all this was not something in which he had any interest. I believe Mr. Frost's words were that he, in relation

to the raising of money to support his party, was something like a clergyman in a church. One point I felt like putting before Mr. Frost and which I think should have been put to Mackenzie King is that in a church they do pass the plate and usually at the end of the year they give an indication of where the money comes from.

Recently several newspapers, including that majestic morning paper in Toronto, have become concerned about the fact that our political parties, primarily the Conservative and Liberal parties from their point of view, do not have a broad enough financial base, and they have been campaigning for the Conservative and Liberal parties to set about securing for themselves a genuine base in terms of money in their membership and not to count upon the aid of large corporations which, as these papers have pointed out, could properly be considered as the kind of influence or commitment that it is not good to have in a democracy. We all observed with a great deal of humour, I think, except perhaps some of those involved, the situation of the Liberal party in the last provincial election in Ontario as to expenses when it was revealed that they were broke. They made much out of this fact saying that it was an indication that they were really a grass roots party because the corporations were no longer coming through and backing them.

If a political party must count upon secret donations of various kinds I think the thought will always remain in the minds of many people that there are possibilities of undue influence. I should like to say that in checking over all the expenses turned in in the last federal election I was much impressed with the returns from the province of British Columbia where there are certainly many indications not only from the totals of expenses but from the collection lists turned in by the candidates of all parties that they do try to treat the matter pretty fairly. One member from Vancouver who is in the chamber looked over these returns with me and I think we both agreed that there was a much greater tendency toward honesty in the reporting of such things in British Columbia. I think this sort of thing should permeate the whole political structure of Canada in every province.

I know I went into one constituency in Ontario and pointed out to some people at a public meeting that the elected member of parliament from that constituency, a very famous one by the way, had only declared total expenses amounting to $3,400. That caused the best laugh I have ever drawn at any political meeting. They were in an uproar at the very idea of this man ever carrying on a campaign for the meagre sum of $3,400.

This is another indication of the general disrepute in which politicians and political parties tend to place themselves as long as they do not and are not prepared to give a clear and honest accounting of their election expenses and the sources of their funds. It is for that reason I should like to suggest to hon. members that they could well support this bill. Certainly it is one that could stand reference to the standing committee which is considering this act and planning to consider it in the future.

I certainly believe too that we should have a further expression of views by other members to indicate whether they agree with this idea. The question of putting more morality or, let us say, more honesty into political campaigning revolves to quite an extent around the whole question of money. There are many myths abroad in the land about where the money comes from and why people donate money, and I think this would tend to clear them up.

I would particularly like to point out to my Conservative friends that, with the volume of support they have enjoyed in the past two elections, they should have no fears or hesitation about their ability both to raise the money to fight a campaign without keeping the sources secret and also to keep within the limitations of that money and to account for the spending of it honestly. In northwestern Ontario I have never heard any serious accusations flying back and forth between the parties about election money being used in a dishonest way. I wish I could say the same for other parts of the country. Yet at the same time I would hesitate to speak about other parts of the country. I might draw to the attention of some hon. members of the house who may not have noticed it that in 1956 two gentlemen of the clergy in Quebec came forward with a pamphlet that was very widely reprinted which indicated that in the province of Quebec there was certain electoral corruption and one manifestation of this electoral corruption was the use of election funds to bribe people to vote in a certain way and to indulge in that practice that I do not quite understand—

Mr. Ricard: What about St. Paul's riding?

Mr. Fisher: These gentlemen are raising issues on which I am not informed.

Mr. Ricard: Do not speak about them then.

Mr. Fisher: I am just referring to the fact that two worthy gentlemen of the clergy raised this matter, indicating that it was a

serious problem in another part of the country. I certainly would not want to interpret what they said but I do feel that the very fact that they said it and that it has caused considerable discussion in that part of the country is a very good reason for members of the house to give serious consideration to this bill.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my first reaction is to refute the suggestion made on the floor of the house by the hon. member for Port Arthur (Mr. Fisher). As a member of the house I do not like the aspersions he has cast on the part of the country from which I come. I do not feel that political morality in the province I happen to represent is in general any worse or better than in the rest of the country.

Mr. Fisher: On a point of privilege, Mr. Speaker—

Mr. Grafftey: I remind the hon. member for Port Arthur that I have the floor.

The Acting Speaker (Mr. McCleave): Order. I would ask both gentlemen to resume their seats. The hon. member for Port Arthur is rising on a question of privilege.

Mr. Fisher: I did not, Mr. Speaker, accuse anybody or make any particular charges. I referred to the issues that had been raised by two other hon. gentlemen, and I certainly feel the hon. gentleman should recall his words charging me with casting these aspersions.

The Acting Speaker (Mr. McCleave): I think the matter that the hon. gentlemen are discussing is more a matter of debate. I do not believe the words used by the hon. member are serious enough to justify the Chair requesting him to withdraw those words. They were strong words, perhaps, but not of the kind I feel the Chair should ask for withdrawal.

Mr. Grafftey: Thank you, Mr. Speaker. Before entering into the merits of this particular bill I want to make quite clear the stand I should take, according to my point of view, after a remark of that nature.

Before, as I say, dealing with the merits of this particular bill I feel we should, once more, read the explanatory note. It reads:

> The purpose of this bill is to provide that the central committee of political parties in Canada shall be required to file a return with the chief electoral officer showing the source—

I underline that word "source".

> —and amounts of campaign fund contributions and to provide that such returns shall be laid before parliament.

I can only say, Mr. Speaker, that this is the second time within the space of approximately a week that hon. members have had the opportunity of debating legislation introduced by members opposite concerning our electoral system. I should like at this time to make exactly the same remark as I made during last week's debate on absentee voting, namely that we are dealing with a very important aspect of our political life, our electoral laws. I feel that since we are doing that and since this particular matter relates in general to our electoral laws the matter should be taken seriously by all hon. members of the house. As I said before, and as I repeat now, our electoral laws—I hope I do not say this with too much self-satisfaction—within our parliamentary system are second to none within the western world.

I was very interested in noting that the hon. member for Port Arthur mentioned morality in discussing this particular bill, because I feel that is one thing which lies at the basis of this whole discussion. Often in this federal parliament we legislate on criminal law as such; often, Mr. Speaker, we legislate on what we might term administrative law; often I doubt the ability of a central, federal House of Commons to legislate on those matters which we might call morality per se. It is at this point I fundamentally differ with members of the C.C.F. party. I feel that every law involving morality should have a sanction, and if there is a sanction for this particular piece of legislation, I happen to think it only exists in their cynicism, in their forebodings and in their imagination.

The simple question I ask myself, as perhaps many other members do, is this: Why introduce this legislation? What has gone wrong in the past in so far as election expenses are concerned, in particular or in general, that they feel this legislation would rectify? Oh, we have heard inferences from this self-styled quasi-intellectual from Port Arthur, but not one particular complaint or general complaint has been made to give cause for the introduction of this legislation. I say it is typical of hon. members opposite that they try to see the worst in human nature. They look down at what they feel is the low estate of man, while I feel that our party, as well as many other parties in this house, have a little more faith in human nature. I put forward very generally, therefore, the very brief argument that on matters of semi-morality it is very difficult to legislate, especially after hearing the remarks of hon. members opposite and I, for one, fail to see any particular sanction for such a law.

I can say this right now. I well remember during the last session of this house when the hon. member for Port Arthur was discussing the radio bill he said, in a holier than thou spirit, that the C.C.F. party was going

into the next election with increased money muscles. We all know that they intend, or they want, to get this money by deducting union dues from the pockets of labourers who never had, or do or will support their movement, but at the same time this is the whole concept to which they are referring in this debate.

The hon. member who has just spoken stated that in the United Kingdom and in many of the provinces election expenses are limited. The fact is that such is not the case in Canada. Speaking for myself, Mr. Speaker, and I believe I can speak for many hon. members in this house, I appoint an agent to conduct my election campaign and look after election expenses. Therefore, unlike the hon. member for Port Arthur, I am relatively ignorant, as members of parliament should be, concerning my election expenses because agents are appointed, as we all know, in each and every constituency to handle that very matter. However, I believe that people all across the country realize, as do companies, that elections do cost money. The Liberals, in their sour grapes attitude not so long ago, criticized our very efficient advertising during the last two elections. I, for one, have no apologies to make about that very good advertising put forward by the Progressive Conservative party. We promised to take our message to the people, to bring government back to the people, and we did that.

The Acting Speaker (Mr. McCleave): I point out to the hon. member that the principle of the bill involves the public filing of election expenses and campaign fund contributions.

Mr. Grafftey: I realize that, Your Honour, but I do feel the principle of the bill involves indirectly what members opposite choose to call aspects of morality, and I feel I have to draw on this background material in order to come to the point. I realize that election donations, per se, given by companies are not deductible for taxation purposes as are bona fide charitable donations, and the donor of a charitable donation is allowed to remain anonymous. I believe we could apply the same standard of public morality to those individuals who want to give to political parties. I can say, that if I were able or I took the trouble to look at the list of people who made donations in my own constituency I would find that they were not people who had any axe to grind. They were people who donated to our party because they felt it was the best party in the interests of the nation and they gave that money with no strings attached.

So I say to hon. members opposite, with all the inferences they have drawn from a bill of this nature, what is to be gained? What is the purpose of the bill? I sound as if I am going round and round the point, but that is the point they brought up by inference, that they are putting this legislation on the floor of the house because of a moral consideration. But they hedge around this question. There are some people who unashamedly realize that elections cost a lot of money and they give to both parties. They are public spirited people who are realistic and realize in this day and age, with a small population and lengthy communications from coast to coast, that television, direct mail, motor transport, loud speakers and all these things which I do not need to repeat because all hon. members know they cost a lot of money. Certain people realize this and choose in the interest of their country and their party to donate. I fail to understand why hon. members opposite wish to attach what I call so many moral connotations to this legislation.

This is not a peculiar reaction, or perhaps I should say action, on the part of the C.C.F. party. I can only say that if this is the reason they are proposing this legislation, I am sorry they have this attitude, because if ever—and I underline "if ever"—they get all the union dues they wish to get from unwilling labour I hope they do not think labour's attitude is a narrow one because it is not, because the labour attitude I have always run up against is one which recognizes the national interest as well as labour's interest. But you would never know that by listening to hon. members opposite.

I also heard, both in the corridors and outside this house, that the C.C.F. are most interested in this bill. If they are that interested, Mr. Speaker, I cannot help but wonder why not one of them is in the house at the present time. At any rate, I commend them for the bill they brought before this house last week. Unfortunately, Mr. Speaker, I cannot say the same about either the draftsmanship or the spirit of the particular piece of legislation which we are considering at this present time.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, in speaking to this bill I find myself in a certain amount of sympathy with both previous speakers. When the mover of this bill in his opening statement made the statement, that the publishing of the funds of political parties would make known the elements of society, if any, which are attempting to subvert political parties, I think he did himself and the bill an injustice. We all know that we require funds to operate political

parties. We know also that the party system is the heart and core of our parliamentary system, and if it were not for the fact that public spirited companies and individuals did contribute funds, political parties would waste away.

On the other hand, there is a certain amount of sympathy for those with limited campaign funds opposing a candidate with a tremendous amount of money for campaigning purposes. I was interested in what the hon. member for Brandon-Souris (Mr. Dinsdale) said when the bill was debated last time, when he pointed out that in the United Kingdom expenditures are limited to so much per voter in each riding plus a flat sum allowed for the national campaign. It seems to me that that is aiming at the essence of the problem. It is some sort of yardstick which determines the amount of money that a candidate or a party should spend on a campaign.

As far as the bill itself is concerned, I think it would have been on much better ground if it had concentrated on that philosophy of control of expenses rather than what has been put in the bill, because I believe the bill is unworkable. We all know that political parties have staffs who operate all year, not just during election times, and undoubtedly political parties are gathering funds all the time because they have these continuing expenses. One point which gives me the most difficulty, I think, is to know who contributes funds to political parties. I know in my own election campaign that at the conclusion of voting day I was not even allowed to buy coffee for my workers. My agent said that treating was not allowed under the elections act. Personally, I do not want to know who contributes to my election campaign. I think if one does know then perhaps involuntarily one feels under an obligation. I think that secrecy in this matter is to be desired. I think also that control is to be desired as well in the amount of funds which can be expended. I think the bill itself is not a moral bill but in effect an immoral bill in that respect.

Mr. Speaker, may I call it six o'clock?

The Acting Speaker (Mr. McCleave): The hour for private public bills having expired, the house will now revert to the business which was interrupted at five o'clock.

CRIMINAL CODE

The house resumed consideration of the motion of Mr. Fulton for the second reading of Bill No. C-58, to amend the Criminal Code.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8.05 p.m.

The Acting Speaker (Mr. McCleave): The hon. member for Port Arthur—

Mr. Fulton: Mr. Speaker, I understand that the hon. member who was speaking when the house adjourned at five o'clock is on his way down to the chamber. Could the hon. member for Port Arthur defer for a moment or two?

Mr. Fisher: Certainly.

(Translation):

Mr. Raymond Eudes (Hochelaga): Mr. Speaker, I thank the hon. member for Port Arthur (Mr. Fisher) for letting me have the floor.

When the house suspended the consideration of Bill C-58 at five o'clock, I was referring to a piece of legislation that was introduced in the House of Commons in London, on November 18, 1958, by Mr. Roy Jenkins, the member for Birmingham, Stechford. This bill received third reading on April 24, 1959.

The first section of this bill defines obscenity as follows:

(Text):

For the purposes of this act an article shall be deemed to be obscene if its effect is, if taken as a whole, such as to tend to deprave and corrupt persons who are likely, having regard to all relevant circumstances, to read, see or hear the matter contained or embodied in it.

(Translation):

The definition of obscenity as contained in this new act requires, as opposed to the Cockburn criterion, that in order to be considered obscene a publication must be considered as a whole.

This definition does however maintain as the essential element of the the offence, the tendency to deprave and to corrupt.

In the United States, for more than half a century, the courts have relied on the Cockburn criterion to decide upon the obscenity of a publication.

Numerous studies on this matter have been published by jurists, moralists, theologians, often criticizing the narrow-mindedness upon which the Cockburn criterion is based.

In 1934, in the case initiated by the United States government concerning a book entitled "Ulysses" Judge Hand said in his decision:

Are not obscene publications—

(Text):

—where the presentation when viewed objectively is sincere and the erotic matter is not introduced to promote lust and does not furnish the dominant note in the publication. The question in each case is whether the publication, taken as a whole, has a libidinous effect.

(Translation):

American courts, in their decisions on obscenity trials, are now guided by this Hand

formula, more liberal in its outlook and more in keeping with the concept of individual freedom than the Cockburn criterion.

Let us bear in mind that in the Hand formula there are two essential requirements for a publication to be labelled as obscene: the consideration of the work as a whole, and the libidinous impulses it arouses.

The New Hampshire State has given this definition of obscenity:

> Whatever tends, in its main theme or a large part of it, to impair, corrupt or deprave the moral behaviour of any person who sees it or reads it.

In France are considered as obscene publications of any kind involving a hazard for public morality on account of their obscene, indecent, lewd, licentious, pornographic character or involving detailed recitals of real or imaginary crimes, horror stories where there is a prevalence of sadistic cruelty and sexual perversion.

That definition widens the field of matter that may be considered obscene and also contains two essential elements: the character of the publication and the harm that it might do to public morals.

In Italy, publications which offend the modesty, reserve and restraint which must stand at the basis of sexual relations and publications relating lewd actions or sexual relations in terms such as to provoke excitement or emotion in people lacking modesty and disgust in others.

Before ruling any publication obscene, the Italian court also considers the author's intent.

The Italian concept has the advantage of considering the subjective character of obscenity.

This brief study shows the interest that legislators and lawyers in every country attach to that problem and also reveal how difficult it is to come to a clear definition of the term "obscenity".

That clear definition does not exist in our Criminal Code.

Section 150 which deals with the matter contains a single definition, in subsection 7, that of the term "crime comic", a definition which seems to have remained a dead letter, for never have we seen as many stories of crime, in newspapers and everywhere in our cities, as there are now.

I would suggest that this definition be amended so as to include crime films. How many of the films shown in cinemas and on T.V. are nothing but the glorification of crime, filling our young people with the ambition to become, some day, that strong man who despises established law and imposes his own rules at the point of a gun. How many are the young criminals today who owe their objectionable calling to those films which should be banished.

On the whole, section 150 does not give any intrinsic definition of the term "obscenity". It merely lists actions which the law considers offences tending to corrupt morals.

The amendment proposed in section 11 of bill C-58, suggests a definition of the word "obscene" by adding an 8th subsection to section 150, worded as follows:

> For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene."

As a result of the words "dominant characteristic", that definition is at variance with the Cockburn criterion.

Henceforth, to be deemed obscene, the publication will have to be judged as a whole. Obscenity in an isolated passage of a publication will no longer be sufficient to describe it as obscene.

That definition is therefore closer to the Hand formula.

So as to assess it better, let us anticipate its effects. It will probably enlarge the field of obscenity.

What will its effects be, however, if it is strictly applied?

The summary survey I made earlier of relevant legislation in a few other countries which, no less than ourselves, have been concerned with this problem, shows that in order to determine the obscenity of a publication, the examination must bear both on its character and on its possible effects.

The definition now being submitted to us does consider the nature of the publication as a whole, but completely disregards its effects.

So far, however, jurisprudence established by our courts has always required, for a publication to be deemed obscene, that it be such as to corrupt or deprave morals. Yet the definition contained in section 11 completely ignores that requirement. Is this a practical and desirable omission? Time and experience will decide.

From now on, it will be enough for a publication to be considered obscene, that its dominant characteristic be the undue exploitation of sexual matters, regardless of whether the publication might deprave or corrupt a person considered as normal. That definition would bar—as an instance that comes readily to my mind—Racine's immortal masterpiece: "Britannicus".

Let us consider now the difficulties of interpretation which will follow upon that definition. Just how can the predominant characteristic of a work be determined?

Where could we draw the line between what is undue exploitation of sexual matters and that which is not? Will that amendment contribute efficiently to check immorality? Is it the practical definition the Minister of Justice (Mr. Fulton) has been promising to us for more than a year and, in particular, in the resounding speech he made on June 15, 1958 at St. Joseph's Oratory on Mount Royal?

How will that definition help the judge, the jury, the law enforcement officer and allow them to decide if this or that publication or entertainment or play is obscene?

As in the past, the judge or the jury will have to ponder at length before ruling a publication obscene because on their lone judgment will fall the difficult task of determining the predominant characteristic of the publication and drawing the line between what constitute undue exploitation of sexual matters and what does not.

In short, we are no further ahead in our fight against obscenity, if indeed an explicit definition of the word "obscene" is an essential weapon in this fight.

It seems that the Minister of Justice, in introducing this bill to the house, was anxious to keep the promises made in his many speeches when, echoing the leagues and committees dedicated to the fight against immorality, he alarmed the population about the havoc wrought by obscene literature, especially among young people.

His department, he said repeatedly, considers that fight against obscenity from four different angles:

(1) first, a practical definition of obscenity;

(2) seizure of all obscene matter, without formal charges, so as to get an order from a court for the confiscation of such matter;

(3) prohibition of the special conditional sales or, in other words, of the compulsory mass sale of publications in order to force the buyer to accept delivery of certain obscene publications;

(4) finally, to make the law stricter for the printers of obscene matters.

Clause 12 of this bill adds to the criminal code sections 150 (a) and 150 (b), covering the second and third aspects considered by the Minister of Justice in the fight against obscenity, and I think the minister is to be commended in this regard.

Bill C-58, however, makes no amendment to the present act with regard to printers.

Under subsection (1) of section 150, in the present act, everyone commits an offence who:

(a) makes, prints, publishes, distributes, circulates, or has in his possession for the purpose of publication, distribution or circulation any obscene written matter, picture, model, phonograph record or other thing whatsoever, or

(b) makes, prints, publishes, distributes, sells or has in his possession for the purpose of publication, distribution or circulation, a crime comic.

I do not know what the Minister of Justice had in mind when he thought of making the act stricter for printers. In any event, the bill now before us makes absolutely no change to this section 150 in regard to printers.

As regards section 11 of this bill, which defines obscenity, I will only say that the Minister of Justice, in undertaking an extremely difficult task, overestimated his capabilities.

On the whole, however, while the minister has failed to give us the clear, precise and practical definition of obscenity he led us to expect, I think this bill should receive the support of the house, subject to certain amendments to be put forward when the matter reaches the committee stage.

(Text):

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should begin these remarks by bringing to the attention of the house a resolution passed at the annual meeting of the Canadian Library Association as reported in the Edmonton *Journal* of Friday, June 26, 1959. The article reads in part:

The Canadian Library Association Thursday passed a resolution asking the Canadian Minister of Justice to delay action on a proposed bill to amend the definition of obscene literature and regulations of its sale and distribution.

The association asked for the delay so that interested groups might have the opportunity to study the amendments and present their views to parliament.

The resolution stated the association was in accord with the intention of the amendment but feared the definition of obscenity may serve to impede freedom of expression and free access to works of value and literary merit. Control of undesirable literature should require that judgment be based on the merits of a work as a whole.

I think the last part of the sentence "of the merits of a work as a whole" underlines the worry that the librarians have in this regard, which I suggest is of interest in dealing with this particular matter.

Mr. Fulton: Mr. Speaker, with reluctance I raise a point of order. I wonder whether my hon. friend would not have his purpose well served if we discussed the matter, which I understand he wants discussed, on the amending clause itself. I recognize that earlier it was suggested we have some general discussion on the provisions of the bill with Your Honour in the chair. If, as I understand it now my hon. friend from Port Arthur wishes to discuss exclusively the provision relating to obscenity. I suggest that we might be well served if we went into committee and discussed it on the clause when I can deal

in detail with the provisions of the clause and the arguments for and against.

Mr. Fisher: I will refrain from going into detail. I just wanted to put a general case as to why people who are involved in books and traffic in books are so worried about this particular question of a definition.

The Minister of National Revenue (Mr. Nowlan) was good enough last year when I put the question to him to give me an over-all list of all the books that had been rejected by the customs department. There are two aspects to the censorship problem, if you want to look at it—

Mr. Fulton: Mr. Speaker, I again suggest to you that if my hon. friend wants to discuss this problem I am prepared to engage in a general debate on this problem on the clause in question. I am not going to try to narrow it there, but I do suggest that if we are going to debate this question of obscenity and the pros and cons of censorship, and so on, which this clause is designed to obviate —that is, censorship—then I think we should wait until we get to the clause.

The Acting Speaker (Mr. McCleave): The Chair was about to raise a question as to whether the Minister of Justice was raising a point of order or making request to the member which could or could not be heeded. I take it the Minister of Justice is asking for a ruling on the point of order as to whether the hon. member should proceed on the lines upon which he has started. If that is so, and the Minister of Justice indicates that, a ruling will have to be made.

Mr. Fulton: Yes, Mr. Speaker. If no other hon. member wishes to speak on the provisions of the bill in general and my hon. friend wishes to narrow it down to the provisions of the clause which provides a definition of obscenity, then I suggest we should wait until we get to the clause itself.

Mr. Chevrier: Mr. Speaker, perhaps you will remember the ruling that was made by Mr. Speaker on an earlier occasion this afternoon when the hon. member for Hochelaga (Mr. Eudes) was speaking.

Mr. Fulton: He did speak on other matters as well.

Mr. Chevrier: He was speaking on other matters and the point was taken that perhaps he might deal with the clauses seriatim, and I suggested that because the hon. member was speaking for the opposition it would be unfortunate if he were not allowed to make his general remarks on the first clause, and I suppose that argument applies to the hon. member for Port Arthur as well.

Mr. Fulton: As I understand it, he wishes to deal only with the question of obscenity. I wish to accommodate the house. If no other hon. member wishes to speak on the bill generally and the desire now is to debate this clause on obscenity I think the house would be better served if we waited until we got to that clause in committee.

The Acting Speaker (Mr. McCleave): Order. It strikes me that the Minister of Justice has answered the point of order himself, but he does make a point in the nature of a request. The Chair cannot rule that discussion on the particular matter of obscenity is out of order. There are a great many clauses in the bill. It appears that the debate is going to be confined to the particular one dealing with obscene matters, and any discussion on that falls into the line of general principles on the second reading when debate is in order. I would ask hon. members to try to refrain from getting into specific details until the bill is considered in committee.

Mr. Fisher: Mr. Speaker, the reasons for the minister introducing the bill are, I believe, general ones. If I might just refer to the problem of keeping of pornographic or obscene books out of the hands of Canadians centres on two points. One is publishing outside of Canada and the other is publishing inside of Canada. We publish very little in Canada. As a matter of fact, it is almost impossible to find any books that could be defined as obscene that are published in Canada. The main worry is the books that come from outside. Therefore, as I said earlier, the minister provided me with a list of those books that had been ruled out by the customs department under tariff item 1201. This item reads:

> Books, printed paper, drawings, paintings, prints, photographs or representations of any kind of a treasonable or seditious, or of an immoral or indecent character.

What I am trying to suggest is that the main problem in terms of literature is that we have another definition that we operate on, namely this definition in the tariff item of immoral and indecent literature that seeks to say, first of all, what books on Canadian library shelves should come from outside of Canada. This is one of the greatest areas of difficulty. We did have an interesting case in connection with "Peyton Place" a few years ago. We had a very complicated situation in connection with "Lolita" which was banned originally by the department before the present minister took over. I have never been able to figure out where the shift was made, but with the present minister "Lolita" was allowed in. I think the explanation is that the Olympia Press

in Paris which originally published "Lolita" in French has a notorious reputation and almost any book that is published by that firm is banned automatically. I think that is why "Lolita" suffered. I think the present people in the customs department probably recognized the literary merit of the book when it was published in English.

Mr. Brunsden: Will the hon. gentleman permit a question? Has he read "Lolita"? If so, what is his impression of it?

Mr. Fisher: I have; I think it is irrelevant.

The Acting Speaker (Mr. McCleave): Order.

Mr. Fulton: It is a fair question.

The Acting Speaker (Mr. McCleave): Let us try to continue the discussion on general lines and not engage on a discussion of works of literary merit.

Mr. Fisher: As a librarian, Mr. Speaker, I have always taken the view that we must be very careful in what we censor. I think almost any librarian always goes by Milton's "Areopagitica" the words from which are very strongly against the imposition of any kind against the liberty of any man to express in a written way his feelings, thoughts and ideas.

Because of the nature of the list which I got from the Minister of National Revenue when I was in Paris last fall with the NATO group I was able at the end to spend a day down in the bookstores on the Seine going through and checking those books that were barred by this tariff item, and I had to agree that almost every one of them was of such a kind that I certainly would not want to see them in Canada. I must say quite frankly that this was a bit of a shock to me. I had not realized that I was so inexperienced in so far as such books were concerned.

Mr. Bell (Saint John-Albert): And in a good many other things.

Mr. Fisher: There were many books that filthy and that bad. On that particular day I was in conversation with an author in one of the stores who explained to me that this particular press, the Olympia Press, that puts out most of those books, had recently had a court case in connection with "Lolita". He told me the basic defence that this firm had put up for choosing to publish "Lolita" was I thought, most intriguing.

The first point in the defence was that after all these books were printed in English and could have no effect upon French morality. The second point was that they were sold to Englishmen and Americans, brought in good foreign exchange and were thus of commercial value to France. The third argument, which of course was usually the key one, was that some of these books had literary merit. If as a result of the change in the act we get a definition that is going to impede—

Mr. Fulton: I am sorry, Mr. Speaker, but I must ask you for a ruling. My hon. friend is now discussing the effect that would be produced if the clause in question carries. Indeed, as I have suggested before, his discussion relates exclusively to one particular clause of the bill. As I say, when we reach the clause I will not attempt in any way, or ask the chairman in any way, to narrow or confine the debate. We can have a full debate on that question then but the bill itself relates to a very great number of questions having no connection with obscenity and I do not want to indulge at the second reading stage in a debate confined exclusively to the question of the definition of obscenity. I do ask Your Honour for a ruling because I am satisfied that the debate will be well served and the interests of the house will be better served if we wait for this discussion until we get to the clause in question.

The Acting Speaker (Mr. McCleave): I thought the Chair had made it abundantly clear before that the Minister of Justice had made a request to members and that it is the opinion of the Chair that members can, if they wish, disregard that request although it would undoubtedly add to the expediency with which we can deal with this matter. Members are entitled to discuss particular parts of the bill on the basis of principle following the rules that pertain to debates on second reading. However, I must ask the hon. member who has taken his seat to bring his remarks closer to the principles that are set forth even when dealing with a particular part of the amendments to the Criminal Code. Questions of foreign trade and other extraneous matters seem to be creeping into his remarks.

Mr. Fulton: The hon. member was about to discuss the effect of the change and we will not be able to discuss the effect of the change until we get to the clause.

Mr. Howard: Why not?

Mr. Fulton: Because it is out of order to discuss the provisions of a clause on second reading, and that is what my hon. friend is doing. He is talking about the changes that will be made by a particular provision of the bill. Mr. Speaker, I do not usually raise and press points of order but I do refer Your Honour—

Some hon. Members: Oh, oh.

Mr. Fulton: No, not at this stage.

Mr. Chevrier: You are wrong again.

Mr. Fulton: I do refer Your Honour to the well understood rule that on second reading members must debate the principle of the bill and not the details. I suggest to you that my hon. friend, in discussing as he has the effect of one particular clause of the bill is entirely out of order on second reading. Otherwise—there are 37 clauses in the bill—we could have 37 separate debates on second reading and that would become absurd. We can have full debate and discussion in committee on this clause because, of course, I do not make the rules of the house and I could not stop it if I wanted to, and I do not want to stop it. I want a full debate but I want it relevant to the clause in question when I can give the answers. I do suggest to Your Honour that we should not have 37 separates debates on second reading.

Mr. Chevrier: May I speak to the point of order and say this in reply to what the Minister of Justice has just said? While it is true that on second reading the discussion must pertain to the principle of the bill, I ask the minister to state where there is any principle involved in these amendments to the Criminal Code. There are several amendments to the Criminal Code and they are entirely different in their nature and aspect, and if you want to adhere to the principle of the bill then you cannot do that. That rule of procedure cannot be put into effect at this time, and that is why the ruling you have made is quite correct and in order. It seems to me that the hon. member who has the floor or any other hon. members on this side of the house who desire to speak on any of these clauses have the right to do so now.

Mr. Fulton: That is quite wrong and that is exactly why on a bill of this type amending the Criminal Code there is a very limited debate on second reading and the debate is confined to the clauses.

Mr. Chevrier: What is the principle?

Mr. Fulton: My hon. friend will remember that when bills amending the Criminal Code have been before the house on any occasion he wishes to mention there has been a very limited debate on second reading and the discussion has been almost exclusively confined to the debate on the particular clauses in committee. I realize perfectly well that you cannot distil a principle out of a bill of this sort and that is why I think it is quite out of order for an hon. member to discuss the details of a clause as the hon. member for Port Arthur will be bound to do. I do not have in front of me the advisers of the government with all the details of the questions that my hon. friend will raise, to which I should like to give answers and to which I am prepared to answer. It is a waste of the time of the house to try to have this debate on second reading. I am not trying to stop debate on the clause or on the merits of the situation which my hon. friend wants to discuss. All I say is, let us have it at the right time when we can have the debate with the best profit to all members who are here.

The Acting Speaker (Mr. McCleave): In looking over Bill No. C-58 I notice there are at least two sections and an addition to another section which deal with the matter of obscenity. I also notice that the procedure to be adopted is based upon a separate act of the British parliament. It seems to me that what we have here is a number of changes in the Criminal Code and that in dealing with obscenity something of relatively large scope is being introduced into the Criminal Code by way of amendment. I therefore have allowed the hon. member to continue. I would ask that his remarks be relevant to the bill and in general terms. The Minister of Justice is right that in dealing with these particular clauses we are dealing with them in general on the basis of principle rather than in the detail that is customary in committee.

Mr. Fisher: Mr. Speaker, the reason I want to speak is that I feel there is a principle involved here and I certainly gathered from the remarks the minister has made that he feels there is a principle involved.

Mr. Fulton: There are 37 separate principles.

Mr. Lennard: What is the matter? Are you going to be away next week?

Mr. Fisher: I am no more likely to be away than the hon. member.

Mr. Lennard: Oh, I probably will and I am asking the hon. member.

Mr. Howard: It will not make any difference whether or not you are.

Mr. Fraser: That is a stupid remark.

Mr. Lennard: From a stupid person.

Mr. Fisher: Censorship is something which changes with the times. I noticed in the remarks the minister has made in a couple of his public addresses that he is very much aware of that. In the speech he made to the Quebec union of municipalities on May 17 he emphasized that this is a problem that has been created by the modern situation, increased transportation facilities, increased wealth, cheaper methods of manufacturing, which are some of the by-products of progress. But despite the creation by modern times of this particular problem modern times have also created a different attitude toward some

of the classic examples of books that have been ruled as obscene in the past. I should like to point out to the minister, if it has not been done already, that at one time a book of Shaw's, "Mrs. Warren's Profession", dealing as it does with prostitution, was under the pale in England. If you want other examples you can easily find them in a play such as Ibsen's "Ghosts", a theme of which is venereal disease. It is examples like this used by advocates of censorship that have created in the world of librarians and literary figures a distrust of any changes that have to do with the idea of obscenity. I do not want to belabour the particular point except to tell the minister that there is very deep concern amongst people who deal with books about the consequences of this change the minister is introducing. When we can deal with the details of this particular clause, I should like to point out some of the reasons for my statement based on the wording.

In conclusion of my remarks, which I think are on the principle involved in this amendment, I should like to read from a statement that was made before the tariff board by Frank A. Underhill on January 29, 1958. This appeared in the Canadian Library Association bulletin for July, 1958, the same bulletin or at least the same magazine which, on another date, featured a statement by the minister, as well as other people, on this censorship or obscenity problem. At one point, Mr. Underhill said this:

> The point that I am trying to make is that modern literary artists, in their concentration on sex, violence and societies in decay, are not just exploting these themes for the sake of vulgar notoriety and best-seller profits. They are trying, seriously and intensely, to say something significant about the condition of man in our day. They are impressed chiefly by his inability to discipline his unruly passions and his almost infinite capacity for evil. If they look on the black side, and present painful or repulsive pictures of human beings in action, can anyone blame them who has been sensitive to the experience of our age?

This points up the problem involved in so far as the literature of our time is concerned. I know that principally this particular change has to do with another kind of book altogether, another kind of literature, and I am sure that the minister is going to receive general commendation from most people in the nation for trying to make this change. However, in so far as one can examine the general principle that is involved in this particular change, it comes down to the attempt he has made to define obscenity, I must suggest that in that particular regard I have certain qualms about the definition. The hon. member who spoke before me indicated that his group was going to move certain amendments in conection with that, and I should like to say that we are going to have amendments, or at least one amendment, to it.

In concluding my remarks on the principle of the bill, I would say we are glad the minister did not decide to try to set up some kind of censorship board. I know that was a demand because I was reviewing the evidence given before the Senate committee in 1952 and 1953 and I found the suggestion came up there. I read also the minister's evidence before that committee and I find his views then are generally consistent with the statement that he has made. At that time he was against the general idea of a censorship board, and he was against all the problems that are inherent in defining obcenity. This group, as a whole approves of the idea of keeping the matter of determining obscenity in the courts rather than giving it to a censorship board. It is not so sure that this particular change is going to make the task of the judges any easier. It regrets that some way has not been found, in the change that has been made, to take some of the onus from the customs officials.

Last year we were given an indication by the Minister of National Revenue (Mr. Nowlan) that he hoped the department would get out from under this particular chore. There is no indication that these changes are going to do that, except in a sort of delayed reaction fashion, in that there may be rulings coming out of the courts which will give enlightenment and advice to the customs officials. Of course some enlightenment and advice could have come from the tariff board if anyone had bothered to take any appeals to it. However, this was never done.

In conclusion, Mr. Speaker, I would say that I may have given the minister the impression by talking on his bill at this stage that I was impeding its progress. I am sure if he intends to bring it in and push it through, it is going to go through and become law. We will see just how it is going to work. After the experience which some of us in this house had this afternoon in viewing with a certain amount of consternation a piece of legislation we passed last year after the minister's assurance that everything—

Mr. Fulton: This minister?

Mr. Fisher: No, another minister—was going to be fine, we are going to be a little more sceptical about such assurances this session. I am sure the intention is excellent and we hope it will have an effect upon the kind of literature at which the minister is aiming. Certainly, however, when the

minister is making his explanation I wish he would consider pointing out very clearly to us how it is going to do that, and how the principles with which the librarians are concerned are not going to be affected by these alterations?

Mr. Frank Howard (Skeena): I wonder if I might make one very brief comment with respect to the bill before us, and upon what I consider to be a failure in the bill itself. I thought that the minister, with the assistance and guidance of the officials in his department, would have been able to come up with a provision in this particular bill that would give statutory clarification to some of the confusion in the act with regard to bingo games. I doubt if there is anything that is more confusing than what is in the minds of those who operate bingo games, the R.C.M. Police who are expected to enforce these sections in areas where they have jurisdiction, and the police court and stipendiary magistrates when cases of infraction of the Criminal Code as it relates to bingo games come before them.

I have discussed this question with a stipendiary magistrate, with an officer in the R.C.M. Police and a lawyer to determine what the rules are in so far as bingo games are concerned. Not one of them could give me a clear idea, and I would appreciate it if the minister would get some clarification of that section relating to bingo games.

Mr. Fulton: Is that all?

Mr. Howard: That is all.

Mr. Leon Crestohl (Cartier): I wanted to make some observations on the bill because I find that the amendments do carry some novelty. I find, for example, that the amendments propose something new in the Criminal Code and that is setting up a system of paying penalties on the instalment plan.

Mr. Fulton: That is not new.

Mr. Crestohl: It is not new, but the amendment is creating it in a form that will make it new. Certainly, it becomes novel. Of course, the courts have latitude now to allow a penalty to be paid with some delay. But to legislate directly a section in the code that will allow the payment of penalties on the instalment plan I think could encourage crime because offenders will know that they might not have to go to jail if delays are allowed under the amendment to pay those penalties. I do not want to go into detail at the present time in discussing the bill in its general form; we will be able to do that when we reach the particular clauses.

I also find in the bill a clause which introduces again something new, and that is a clause dealing with offences committed on aircraft. When we reach that clause I imagine we will be able to discuss it in more detail, but I wonder whether the minister would explain before we finally get to the bill itself the origin of this clause and the question of jurisdiction in regard to it. The bill goes into some detail, but I think there could be very many improvements to the measure.

I also think that clauses 9 and 10 of the bill, which deal with some shifting of the burden of proof in offences where the male is not more to blame than the female, are very helpful and can be useful; but since there is a change in principle, would the minister be good enough to give the house the benefit of the reasoning of his officials or of the minister himself and what it was that motivated these changes in basic principles in our criminal law? It would be helpful to us when we come to the clauses if the minister would be good enough to tell the house the background of some of these innovations.

I do not want at the present time to go into the countless arguments which the minister must have already received and no doubt will continue to receive in defining "obscenity". I would prefer to leave my observations on that to when we reach the clause. Some of the definitions are very serious, but some of them can be very amusing. We were discussing a short while ago how the minister proposed to interpret the difference between an undue exploitation of sex and a due exploitation of sex. I would like to know which is which, when it is a due exploitation and when it is an undue exploitation. If the minister before we get into the clauses of the bill would give the house the benefit of some of the background to these innovations we would be most grateful.

(Translation):

Mr. Azellus Denis (St. Denis): Mr. Speaker, we are now discussing a bill which touches upon many sections of the Criminal Code. I wonder how we could discuss the principle of a bill with such a variety of topics. I wonder why we do not have a separate bill for each of the proposed amendments to the Criminal Code? The Minister of Justice (Mr. Fulton) might as well ask us to amend the Revised Statutes of Canada.

In my opinion, to streamline the procedure, he should have introduced a bill for each of the individual amendments instead of introducing a bill which touches upon so many subject matters of the Criminal Code.

I do not believe the minister wants to prevent us from discussing the principle of this bill which he is introducing and, when discussing it, we will not be able, during the consideration of the part which has to do with obscenity, to refrain from talking about drunkenness, for instance, and other subjects. The bill as submitted to the house contains sections dealing among other things, with offensive weapons. I fail to see how offensive weapons have anything to do with obscene literature.

I see here, for instance, that there is a new procedure concerning the accused, because of the publication of evidence brought up at the preliminary investigation. Incidentally, this is a very good thing. I also note that under this amendment, the magistrate may order that the decision rendered with regard to the publication of evidence be modified. Then, I wonder, Mr. Chairman, how we could deal with the principle of the bill—

An hon. Member: Do so.

Mr. Denis: But I shall simply point out to the minister—

Hon. E. D. Fulton (Minister of Justice): Yes, in committee.

Mr. Denis: I shall point out to the minister that if we intend to criticize, or approve certain things, I hope that the Minister of Justice will be kind enough to take notes, so that when the various sections are submitted to the committee, he will be better able to answer our objections. In this way, I think, all those who want to go on leave or get in touch with their families again, could do so sooner. When the sections are called in committee, the minister will have found the answers, which will simplify discussion.

Mr. Fulton: Precisely.

Mr. Denis: I shall not deal with all amendments to the Criminal Code. I shall, for instance, only mention firearms and permits. Under section 8, I read:

> A permit in Form 42, 43 or 45 may be issued by a local registrar of firearms.

That is all right. But you give more latitude to those who issue permits. However, I have no objection to that. As a matter of fact, this will help those who are responsible for giving out those licences. This means, in other words, that we can obtain those permits more easily.

[Mr. Denis.]

But, it is not those who issue the permits who are dangerous: it is those to whom those firearms are given. If the minister had wished to afford better protection to society, instead of amending the Criminal Code in such a way as to know whether or not such and such a person is entitled to issue permits, in accordance with forms 42, 43 or 45, he should have required a more detailed inquiry about those to whom permits are granted. At present, under the existing legislation, permits may be granted for the possession of firearms to protect one's life or property.

Mr. Fulton: Mr. Speaker, I am not allowed to answer the hon. member now, but I can assure him that I shall answer him when the house is in committee.

Mr. Denis: Quite so; what I want is an answer. But before the house goes into committee, I am directing questions to the minister in order that he may give me satisfactory answers.

A firearm permit may be obtained to protect one's life or property, but it is a matter of knowing how, or for what reason, one must protect one's life and what is the value of the property one has to protect, before being entitled to an offensive weapon.

Anyone may obtain a firearm, in accordance with subclause (a) of section 94. But I would suggest to the hon. minister that the danger does not lie with those who issue the permits but rather with those who obtain them. I am convinced that there is some lack of control, that the investigation made is not adequate; I am convinced that there is lack of consistency towards those who are really in need of protection.

For instance, I have in my possession a hunting gun. I have had it for the last 20 years perhaps.

Mr. Rodrigue Bourdages (Laval): You do not know how to shoot.

Mr. Denis: Never mind, in the next elections, there will be so many Conservatives that even if I am a poor shot, I will surely hit a few.

So I would respectfully say to the hon. minister that the threat is not from those who issue licences, but those who are issued licences. An investigation must also be conducted to discover whether a person has made improper use of a firearm. Personally, I have not made improper use of my firearm because I have wounded none of the hon. members opposite. However, there is a limit.

An hon. Member: Words are more dangerous.

Mr. Denis: I therefore ask the hon. minister to conduct a more thorough investigation when a person applies for a licence to own a firearm. Before a person is licensed to own a firearm, care should be taken to ascertain what use is to be made of the firearm.

Mr. Speaker, I cannot discuss the principle of the bill without going into all those things.

However, allow me to revert to the subject of obscene literature. The hon. Minister of Justice was quite prepared to improve this act.

An hon. Member: He still is.

Mr. Denis: I recognize, with the hon. member for Laval, that the minister still has good intentions, but that does not prove that he has improved it. He is still prepared to improve it, but he is actually making no improvement.

But, Mr. Speaker, when the hon. minister was sitting on the opposition side, he claimed that should he some day be a member of the cabinet, he would improve the act to such an extent that it would be impossible for Canadian citizens to be contaminated by such obscene things. But, what did the minister do? He merely changed the clause which includes the definition of the word "obscenity".

In fact, Mr. Speaker, obscenity as defined by the hon. Minister of Justice is a source of income for the lawyers because it is more complicated than if we had no definition at all. Interpretations have been offered by hundreds depending on what such and such persons think about such and such things regarding the obscene literature and also depending on the various provinces where he lives.

Section 11 of the bill now before us reads as follows:

Section 150 of the said act is amended by adding thereto, immediately after subsection (7) thereof, the following subsection—

Mr. Fulton: Mr. Speaker, I rise on a point of order. At this stage, a member should not discuss a particular clause in the bill—

Mr. Denis:

For the purposes of this act, any publication— *(Text)*:

Mr. Speaker: Order. I am sorry I cannot hear both members at the same time.

Mr. Fulton: My point, Mr. Speaker, as I have said before to no avail, is that it is out of order to refer to the detailed provisions of the bill on second reading and I have let the hon. member go on just to prove how absurd he is. He is now trying to discuss on second reading the detailed provisions of the bill and, as I have said all along, I am prepared to discuss details when we are in committee and I have my officers here and can answer the questions which the hon. gentleman asks.

They are all trying to get up now, and that shows exactly how out of order they are and how absurd this whole farce is, and I suggest that while the House of Commons is a friendly chamber it is really time we stopped wasting time and got down to details.

Mr. Chevrier: I, too, rise on a point of order and I suggest to you, Mr. Speaker, that it is not in order for the minister to refer to the hon. member who has just been speaking by saying how absurd he is. After all, the minister rose on a point of order—

Mr. Speaker: The hon. gentleman reminded me the other day that two points of order cannot be discussed at the same time. The point of order is whether the hon. member for St. Denis (Mr. Denis) is in order in discussing the definition of obscenity in detail.

Mr. Chevrier: And I suggest it is, because Your Honour decided earlier in the course of the afternoon that there is no principle contained in the course of the various clauses before the house and so it is impossible to discuss the principle of the bill per se. For that reason the hon. member, as have various other members during the course of this debate, has discussed several clauses seriatim having been allowed to do so previously by the Chair. I suggest that he be permitted to continue. May I add for the benefit of the Minister of Justice, that if he thinks he is going to help the passage of this bill by nonsensical points of order such as he has raised, he is mistaken.

Mr. Speaker: There is no doubt in my mind that some things have been and are out of order. The hon. member for St. Denis (Mr. Denis) has indicated his difficulty in discussing the principle of this bill because it deals with a number of unrelated amendments. The same difficulty arose for the hon. member for Hochelaga (Mr. Eudes). I think one can discuss the principle that relates to the application of the law against obscenity on second reading, but I do not think it is in order to discuss the detail of the definition and the wording of the clause. That can more properly be done in committee. The hon. member for Hochelaga dealt with the two or three clauses that related to obscenity together, and tried to indicate a general approach to the problem, as he did in connection with the problem of firearms, and I think that can be done, but when it comes to an exact definition I think the hon. member might leave that to the committee stage where he will have ample opportunity.

Mr. Denis: I think I can do that, but before continuing in accordance with your ruling I should like to ask the Minister of Justice whether, when he used the expression "absurd", he was referring to the hon. member for St. Denis or to his own bill?

Mr. Speaker: The hon. member need not take offence at a statement of that kind. I have heard much worse than that in the house without objection.

Mr. Denis: I will continue in French, if I may, because we have this new simultaneous translation and before it gets lost I think I will use it.

(Translation):

Mr. Speaker, the reason why I read clause 11 is that the hon. minister boasts of having added something by including a definition in which he uses but 5, 6 or 7 words, but he has not given a specific definition. For instance, the matter of principle is very important and the minister talks about:

—sex and any one of more of the following subjects, namely, crime, horror, cruelty and violence.

An hon. Member: Order.

Mr. Denis: Mr. Speaker, how could we interpret that section? For instance, what is the definition of cruelty, of violence, of horror? Is it correlative, when it deals with obscene matter?

For instance, Mr. Speaker, if my hon. friend from St. Hyacinthe-Bagot (Mr. Ricard) is not satisfied with me, while on the other hand, I am not satisfied with him, and if a discussion arises between us, and if, after that, I give him a thrashing that looks like horror, does that prove that the assault I make on my hon. friend, even if he deserves it, comes under the act?

In any event, Mr. Speaker, I respectfully submit that the definition mentioned in section 11 is far from being satisfactory. It is vague, imperfect and indefinite. Besides, it includes other words that need to be defined and that the minister does not define.

Furthermore, I will not rely only on my own opinion—

Mr. Bourdages: On the opinion of Mr. Lamontagne?

Mr. Denis: Mr. Speaker, I think I have recognized the voice of my hon. friend from Laval (Mr. Bourdages) and I am sure he will not rise in this house, except to make interruptions, and even at that, he keeps seated when he makes them. Therefore, I would ask him, as a Conservative member, who wishes to help the Minister of Justice, to prepare something on that matter so that we could know if he is satisfied with the definition of obscene literature, or what improvements he could bring about. Or does he want, on the contrary, to keep that rather vague definition, so that he may benefit by the act as it existed before?

In any event—

An hon. Member: He is not to blame; he is not blue yet.

Mr. Denis: I read in the *Gazette* of June 17, 1959, that the members of the clergy have held an important meeting during which they have stated:

(Text):

Proposed federal legislation defining obscenity in relation to literature was attacked today by three clergymen here for the eleventh annual summer school of religion as indefinite and unnecessary.

This is what they think about the definition of obscenity.

Dr. James T. Cleland of Duke University was further quoted as saying:

Besides, the legislation proposed leaves the matter wide open by its wording. The lawyers will have a field day with it.

(Translation):

Not that I have any grudge against my fellow lawyers but while the minister meant to clarify the act he only succeeded in making it more complicated, especially if I am to believe the statements made by those members of the clergy.

In conclusion, I should say that when the Minister of Justice came to Montreal, he listed all the improvements and all the amendments, four in number, he wished to make to the Criminal Code. Here is the report published in the Montreal *Gazette* of June 18, 1958 and I quote:

(Text):

The first is a "practical" definition of the word obscene for article 150 of the Criminal Code.

(Translation):

Then, as I already mentioned, Mr. Speaker, this definition lends itself to an infinite variety of interpretations, with all due deference to the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) who instead of making faces should rather look after his tobacco in St. Thomas and see to it that the premier of Quebec let his farmers have the benefit of crop insurance legislation.

(Text):

Mr. Speaker: Order. Our rules of procedure call for a discussion of the bill before the house.

(Translation):

Mr. Denis: Mr. Speaker, you can not imagine how difficult it is to speak in this house when one is the target of a member who is making faces. I do not know if he is grinning on account of the amendment—

Mr. Speaker: I suggest that the hon. member proceed with a discussion of the bill.

(Translation):

Mr. Denis: I thank you, Mr. Speaker, and above all—

(Text):

Finally, Mr. Fulton said, "We are considering the possibility of including the printers of obscene publications in prosecutions, much more than is done today."

(Translation):

Here is the cause of all the trouble. To prevent the publication and distribution of these obscene books, the minister should have appealed to printers and publishers.

Yet, there is nothing in the present act likely to prevent printers and publishers from keeping on printing, publishing and distributing those immoral books either to wholesalers or to any other corporation in charge of their sale or distribution. I recognize that the minister wishes to find a solution to this problem. According to some press reports, it is a step in the right direction, and as was reported in another paper:

(Text):

"Better half a loaf than no loaf at all".

(Translation):

Therefore we will not object to this motion, but I would request the minister to take note of our remarks so that next year, if he still be the Minister of Justice, he will be able to profit by the remarks made by the members of the opposition. It is claimed that the government does not receive suggestions from the opposition. The trouble is that we offer too many of them and they do not know which one to take to be helpful to the population. They do not want the Liberals or the opposition to have the credit for the only pieces of legislation which can help the people.

Well, when the time comes to discuss this measure in committee, as was suggested by the minister—and by the way I thank Mr. Speaker, who was kind enough to let me make these few observations, a fact which enabled me to give to the minister a preview of the arguments which we will put forward when we study this bill in committee. I hope the minister will be better informed and in a better position to reply to the various questions directed to him by members of the opposition. And if, next year, if not this one, a better definition of the word obscenity is found, and if a better protection in regard to the possession of firearms is achieved, the whole country will be satisfied, even if the Conservative party should be given all the credit for that.

(Text):

Mr. Speaker: I must advise the house that if the minister speaks now he will close the debate.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, as I have said on a number of occasions in the course of this—shall I call it debate—on second reading I shall be prepared to answer in detail and seriously any questions which have been raised when we reach the clauses in committee.

I have observed that most of the discussion thus far in this debate on second reading has been related to the provisions of the bill which deal with the definition of obscenity. I make no criticism of the fact, but I could not fail to note that the matter was treated with some levity, particularly by the hon. members of the Liberal party from the province of Quebec. I am not, of course, suggesting that the definition we have achieved is perfect. It is the best definition that we could achieve; it is an attempt to deal seriously with a serious subject. I think the house will be interested to note, and I think the country will be interested to note, and I think the province of Quebec particularly will be interested to note that members of the Liberal party from the province of Quebec treated this whole thing, with one exception, in an atmosphere of levity. As I say, I make no criticism of that. The hon. member for Hochelaga (Mr. Eudes) dealt with the matter seriously. The other members of his party from the province of Quebec, where I am aware that this matter is regarded with a great deal of seriousness, dealt with it as a subject deserving nothing but laughter.

Mr. Chevrier: That is not so, and you know it. All the minister has been doing is raising points of order.

Mr. Fulton: What I say hits my hon. friends a little hard but they recognize that their attitude towards this bill tonight has not done them credit, and that, of course, is a matter of which I am quite sure their compatriots will take notice. As I say, I make no criticism. Perhaps my hon. friends do not think the definition is very good. I shall be interested in hearing what they have to say in committee. My whole purpose in this debate has been to advance the bill along into committee so that we might hear what constructive suggestions my hon. friends have to offer, because certainly their attitude so far has been far from constructive. I think, Mr. Speaker, that there is really nothing more I need to say. I am quite certain that the house and the people of the country beyond the house will note the attitude of my hon. friends of the Liberal party toward a serious subject and a serious attempt to deal with a serious subject.

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

Criminal Code

On clause 1—*Magistrate.*

Mr. Eudes: Mr. Chairman, by provincial statute in the province of Quebec a recorder in most cases I believe is now termed a municipal judge and the recorder courts as municipal courts. I am wondering whether the definition proposed by this clause of this bill amending paragraph 22 of section 2 of the Criminal Code should not also include the words "municipal judge" in order to meet the effect of the proposed amendment. This would also include those who are given authority or jurisdiction under section 225 of the Criminal Code which is being amended by clause 16 of this bill.

Mr. Fulton: Mr. Chairman, I am not aware that there is any problem with respect to provincial judges. The amendment is designed to deal exclusively with the problem that arises in the Northwest Territories and the Yukon Territory. I do not think any problem of this nature has been brought to my attention with respect to provincial magistrates or judges.

Mr. Roberge: Mr. Chairman, if I read the clause aright it says that paragraph (22) of section 2 of the Criminal Code is repealed and the following substituted therefor. Line eight does have reference to a recorder. Right now in the province of Quebec there is no such thing as a recorder. Those who used to be known years ago as recorders are no longer recorders; they are municipal judges. Therefore I think the minister should take advantage of the repealing of the old section to include municipal judges.

Mr. Fulton: Mr. Chairman, on that point it may be that the word "recorder" is out of date. However, the only purpose of the amendment was to take care of a situation in the territories. We were not looking at it from the point of view of bringing up to date the provision with respect to any provincial arrangements that may exist. I would rather look at it in detail and at leisure, if I may put it that way, and see if we should remove the word "recorder". It is not creating any difficulty that I am aware of, and I would prefer just to leave it for the time being.

Mr. Roberge: I agree with that but right now a recorder does not exist in the province of Quebec. Therefore, a municipal judge would not have the authority of a magistrate as contemplated in this clause. That is the point the hon. member for Hochelaga is trying to make.

Mr. Fulton: If I understand my hon. friend and the hon. member for Hochelaga aright, the suggestion is that the municipal judge should be included in the definition. On that point I would prefer to look at this, as I say, and to study it carefully and to hear the opinion of and any recommendations from the provincial attorney general.

Mr. Roberge: Would it be possible to include this recommendation in any amendment that may be made in the other place?

Mr. Fulton: If we have time we shall certainly draw the remarks of the hon. member to the attention of the provincial authorities and if there is time and we have a recommendation accordingly we would be prepared to recommend an amendment in the other place.

Mr. Roberge: I might suggest that no time would be lost because the prime minister from Quebec is also the attorney general. He will be here on Monday along with the assistant minister of finance, so that no time will be lost.

Mr. Fulton: I imagine that the mind of the attorney general of Quebec will be occupied with other problems because he will be coming here in another capacity. If we have an opportunity we will bring this to his attention and have a discussion.

Mr. Roberge: Maybe at luncheon time.

Mr. Fulton: As I say, his mind will still be occupied with other matters.

Clause agreed to.

On clause 2.

(Translation):

Mr. Eudes: Section 2 of this new bill gives the pilot in command of an aircraft registered in Canada, while the aircraft is in flight, the same authority as a peace officer.

I wonder if it would not be desirable to extend the same powers, in similar circumstances, to the captain or commander of a ship at sea. Section 44 of the Criminal Code authorizes the captain, or master or officer in command of a vessel on a voyage to use force for the purpose of maintaining good order and discipline on the vessel. That suggestion, as far as I am concerned, would seem to complete the powers already granted to the captain of a ship, by the Criminal Code.

(Text):

Mr. Fulton: This amendment, I think, will be better understood when read in conjunction with the proposed amendment contained in clause 3. The object of both clause 2 and clause 3 is to fill a gap which it is felt exists now in the criminal law of Canada with respect to jurisdiction over crimes committed on aircraft. It is my understanding that a committee of the international civil aviation organization is studying the whole question of crimes committed on aircraft with a view to recommending a code or provision which

might be adopted by all the countries which are subscribers to that organization. If these recommendations are accepted then there will be uniform measures in all the countries which subscribe, but in the meantime there is a gap in our legislation. It is to plug that gap on a unilateral basis, it is admitted, but none the less to plug a gap which we feel might be a serious one that we are acting now unilaterally in accordance with these suggested amendments.

Mr. Roberge: I should like to address myself to clause 2. As the minister has said, clause 3 is related to this matter also.

The Acting Chairman (Mr. McCleave): Perhaps it would be convenient if clauses 2 and 3 were called together.

Mr. Roberge: I was going to suggest that.

Some hon. Members: Agreed.

On clause 3—*Offences committed on aircraft.*

Mr. Roberge: Mr. Chairman, I know you will not mind if I speak in French. I have been speaking English for the last three weeks.

Mr. Denis: You do not have to ask permission.

(Translation):

Mr. Roberge: Under section 2 of this bill, the intention is to add a new sub-paragraph, sub-paragraph (e), which would give the powers of a peace officer to a pilot flying an aircraft of Canadian registry according to the regulations made under the aeronautics Act, when the plane is in flight.

Now a problem arises,—I think the minister has perhaps answered this question in part: is the pilot in question a Canadian citizen or a foreigner? It is possible that an airplane of Canadian registry be flown by an airman who is not a Canadian citizen? It can also happen that a non-Canadian airplane be flown by an airman who is a Canadian citizen or a foreigner.

I shall now go on to section 3 of this bill. I find that offences or infringements of the Criminal Code may be committed by everyone who violates the provisions of the Criminal Code on an aircraft registered in Canada under the regulations, ... while the aircraft is in flight, and according to subsection (b) of section 5a, on any aircraft, while the aircraft is in flight, and this flight is to be terminated in Canada. If that person commits a criminal offence listed in the present Criminal Code—and I understand that by this new section 5a the territorial jurisdiction of magistrates or justices of peace, or of judges of the sessions of the peace is to be extended—the new provisions will apply.

I tried to sum up the two sections in a few words and found one possibility, or rather 16 possibilities, according to whether it is a Canadian aircraft starting in Canada to go elsewhere, or a Canadian aircraft starting elsewhere to come to Canada; or whether it is a non-Canadian aircraft flying from Canada to go elsewhere; or else a non-Canadian aircraft flying from elsewhere to come here; or whether it is the case of a Canadian citizen on board such an aircraft; or else a foreign aircraft coming over here or going elsewhere.

Therefore, I have discovered 16 possibilities. Those possibilities differ depending on whether the pilot is a Canadian or not. Now, I believe, that those various cases which I have just submitted to the committee are so much different cases, and several of those are not provided under this legislation. It may be, however, that those various cases are provided under international agreements, under the international aviation rules, but there is nothing in the bill to say so.

The first case that occurs to me—and I am still referring to clauses 2 and 3 under discussion—involves a Canadian citizen who boards a Canadian aircraft flying out of Canada and is piloted by a Canadian. If he commits an offence, he is subject to arrest because the pilot is a Canadian and it is a Canadian aircraft. However, where can he be brought to court? Here we have a Canadian in a Canadian craft, piloted by a Canadian, flying to a foreign land; he commits an offence on the plane. Will he be held in the foreign airport? Will he be held in custody inside the aircraft upon arrival in the foreign port? Will he be brought back to Canada, or will he be allowed to escape into this foreign country and seek asylum?

There is the second case—I hope the committee will bear with me, because I have 16—

Mr. Fortin: We will make a special code for that, it is worth the trouble.

Mr. Roberge: If the hon. member for Montmagny-L'Islet (Mr. Fortin) wants to have a special case, he might perhaps go to Montmagny-L'Islet where special elections are being held.

I understand that this bill—I shall get away from the subject matter, because I know I can talk law without the hon. member for Joliette-L'Assomption-Montcalm understanding a word. But when the hon. member for Joliette-L'Assomption-Montcalm talks tobacco, I keep mum.

The second case refers to a Canadian citizen on board a Canadian aircraft, flying from Canada, but piloted—and the case may occur—by a non-Canadian pilot. Unless this proposed legislation, makes of a non-Canadian pilot an officer of the peace, that pilot will not be able to arrest the Canadian citizen, i.e. the Canadian passenger who is on board and who is committing an offence against the Criminal Code. Then, an offence is committed, but the pilot may not have the culprit arrested except, as I said, if he is an officer of the peace. And as he starts in Canada to go elsewhere, he cannot be brought to court either.

In the third case, which is perhaps the same as that of my friend from Joliette-L'Assomption-Montcalm, he is, no doubt, a Canadian citizen who may be a passenger on a Canadian aircraft. The passenger starts from Europe or elsewhere to come back to this country and the plane will have a Canadian pilot. If the passenger commits some offence—I think he will not do so, but I am told that he possibly may, I don't know—but if he were to commit some offence, he could be arrested, because the pilot would be a Canadian and peace officer. He also may be indicted because he would land in Canada.

Then, there is the fourth case, that of a Canadian citizen on a Canadian aircraft coming to Canada, but piloted by a non-Canadian. In that case, the pilot, not being a Canadian, cannot, I imagine, be a peace officer because Canada probably is not authorized to name anyone a peace officer who is not a Canadian citizen.

So an offence will be committed; there will be no way of arresting the accused, yet a trial may be held. How can such a thing happen? I think the Minister of Justice should give us an explanation on this point.

Turning to the fifth case—bear with me, Mr. Chairman, I have 16—this involves a Canadian citizen travelling on an aircraft not registered in Canada—"any aircraft", it says, from any country other than Canada—and flying out of Canada with a Canadian pilot in charge. Such a situation can arise, because during the war, Canadian flyers were seen piloting British or other foreign planes. Such pilots had not yet been naturalized in the countries concerned; they still retained their Canadian citizenship.

Consequently, according to the bill now introduced and following the study I made of it, there would not be any offence and, of course, the Canadian pilot would not be empowered to arrest a person who for instance would make an assault against another passenger. Moreover, there could not be any judicial proceedings.

The sixth case I want to bring to the attention of the house is perhaps a bit similar. There again, it has to do with a Canadian citizen who is travelling aboard an aircraft which is not of Canadian registry but which would be, this time, flown by a pilot who is not a Canadian citizen. Then there would not be any offence, since this airplane leaves this country for another country, and the pilot, not being a Canadian citizen, would not be empowered to arrest the individual who would commit an offence. Consequently, there would not be any trial either.

The seventh case has to do with a Canadian citizen who is traveling aboard a Canadian aircraft on its way to Canada. Subclause (b), of section 5a, provides for a similar case but the airplane is flown by a Canadian pilot. Then, there would be an offence; the Canadian pilot being a peace officer, could arrest the delinquent and, being in Canada, a trial could be held of course—under the new section—where the plane landed. And for the information of the hon. member for Montmagny-L'Islet (Mr. Fortin) paragraph 4 of section 5a provides that the plane is stopped when it stops.

Mr. Chairman, the eighth case on which I want to bring the attention of the house concerns a Canadian citizen—I know that the hon. member for Montmagny-L'Islet is never able to stop—

An hon. Member: It is like the hon. member for Joliette-L'Assomption-Montcalm.

Mr. Roberge: Mr. Chairman I have at least up to ten o'clock.

Mr. Fulton: Mr. Chairman, perhaps the hon. member will allow me to answer him immediately, because I am sure he has forgotten the main point, namely that the pilot must be in charge of a Canadian registered aircraft. If the aircraft is not under Canadian registration, the pilot has no authority under the bill now before us.

(Text):

Mr. Roberge: Mr. Chairman, if I look at clause 2 of the bill—

An hon. Member: Look at clause 3.

Mr. Roberge: I shall look at clause 3 later, but clause 2 of the bill says that a pilot in command of an aircraft registered in Canada is a peace officer—

Mr. Fulton: He is the only one who has the power to arrest anyone on his aircraft.

Mr. Roberge: But the bill does not say whether the pilot is a Canadian citizen or a foreign citizen.

Mr. Fulton: No, that is true, but the aircraft requires to be registered in Canada before the pilot has this authority. His authority is that of a peace officer, and all he has is the authority of arrest. I suggest that if any Canadian citizen wishes to board an aircraft registered in Canada, then he must be prepared to submit himself to the authority of the pilot with respect to events taking place on that aircraft. The pilot has no power to try or dispose of the case; his only authority is that of arrest for an offence. I see nothing derogatory of Canadian sovereignty. If a Canadian voluntarily boards an aircraft which is registered in Canada, then he submits himself to the authority of the pilot of that aircraft, only with respect to events taking place on that aircraft and only with respect to the power of arrest and not the power of disposing of the case.

Mr. Roberge: I agree with that, Mr. Chairman. The pilot, whether or not he is a Canadian, has no power to try the offender but just the power of arrest. The point about which I am concerned, and that is why I am putting all these cases before the committee, is that our legislation as proposed is going to give a non-Canadian the power of arrest of a Canadian aboard not only a Canadian aircraft but any aircraft.

Mr. Fortin: What is wrong with that?

Mr. Fulton: My hon. friend should recall also that the law of the sea, which is accepted by all nations, gives the skipper of a vessel the immediate power of arrest and confinement over any passenger on his ship. With respect to aircraft, therefore, we are not doing anything more than is done now in connection with the law of the sea, but we are confining this power to aircraft registered in Canada.

Mr. Roberge: I should like to put some more of these cases before the committee, and these cases are non-Canadian. I should like to do so in French.

(Translation):

Mr. Chairman, the case I want to point out now concerns particularly a non-Canadian citizen leaving Canada aboard a Canadian aircraft flown by a Canadian pilot. If this Canadian citizen should commit an offence, he might be put under arrest but he cannot be brought before the court for trial because he is outside Canada, unless the minister tells us that the international regulations provide that the alleged criminal may be kept under custody aboard the aircraft, near the aircraft or in the air terminal of the country he is visiting.

Mr. Fortin: It is exactly the same thing as under the maritime law.

Mr. Pigeon: I do not think he is a competent lawyer.

Mr. Roberge: The tenth case concerns a non-Canadian citizen flying from Canada aboard a Canadian aircraft which is under the command of a foreign pilot. That citizen may commit an offence and the Minister of Justice just told me that the foreign pilot would be authorized to put that non-Canadian citizen under arrest. However, I do not think any trial would be possible since the aircraft will land in a foreign country, unless the minister informs the committee that under certain international agreements that citizen who committed the offence may be taken into custody and brought back to Canada or be tried in a country other than that where the offence was committed.

Then there is the eleventh case—I urge the hon. members to be patient, I have 16 of these cases, and I have reached the eleventh. There are 5 left and I realize that we have 5 more minutes to go yet.

Mr. Fulton: Hurry up! What are the other five?

(Text):

Mr. Roberge: I am sure that the minister will be very interested to know, and I would like to go on.

(Translation):

The 11th case has to do with a non-Canadian citizen aboard a Canadian aircraft coming to Canada and piloted by a Canadian pilot. If an offence is committed, the pilot will have the power to arrest the offender and the trial might take place, because the aircraft is coming to Canada. In such a case there is no problem.

The 12th case is somewhat different; but the minister has just told us that the foreign pilot will have the powers of a peace officer. An offence is committed by a non-Canadian citizen aboard a Canadian aircraft coming to Canada under a foreign pilot. In such a case, an arrest could be made and a trial could take place in Canada.

The 13th case is a little different—

An hon. Member: That of Montreal-St. Denis.

Mr. Roberge: It concerns a non-Canadian citizen aboard an aircraft which is not registered in Canada, but which leaves Canada for a foreign country, under a Canadian pilot. There is no offence there, but if it were a Canadian or a non-Canadian violating the provisions of the Criminal Code, there would be an offence—

Mr. Fortin: It is a foreign aircraft.

Mr. Roberge: In such a case there could be neither an arrest nor a trial.

The 14th case—it is not that of the hon. member for Joliette-L'Assomption-Montcalm —has to do with a non-Canadian citizen aboard a foreign aircraft leaving Canada and piloted by a foreign pilot. There again, there could be neither an offence nor an arrest, nor a trial. That situation is not a problem.

The 15th case—

An hon. Member: Montreal-St. Denis.

Mr. Denis: Carrier pigeon.

Mr. Roberge: Mr. Chairman, there are only three minutes to go, and I have two more cases to submit to the Minister of Justice. The 15th case concerns a non-Canadian citizen aboard an aircraft not registered in Canada but flying into Canada and piloted by a Canadian. If he commits a criminal offence he can be arrested because the pilot is a Canadian, and he can be put on trial.

According to what the minister said, the sixteenth case is no problem either. It is the last one. I think, with some imagination, we might go up to question No. 64 but this would keep us here till after ten o'clock.

The 16th case deals with a non-Canadian citizen travelling in an aircraft not registered in Canada, or registered in Canada but flown by a foreign pilot. The minister tells us that the foreign pilot could not escape the law. If the passenger were to commit some offence, he could not only be arrested but also be brought to trial.

Mr. Chairman, the Minister of Justice had some fun, and so did I. I wanted to give this illustration because, according to my understanding, there seems to be in the bill before us—

Mr. Pigeon (Joliette-L'Assomption-Montcalm): What do you mean by "understanding"?

Mr. Roberge: The hon. member for Joliette-L'Assomption-Montcalm is asking me what I mean by "understanding." I mean intelligence, and intelligence means comprehension; I therefore mean "to understand something".

I have tried to understand that section 3 of the bill, but I realized that there were certain gaps, the main one being, in my opinion, the following: a Canadian citizen or a non-Canadian commits an offence on board a Canadian aircraft or a non-Canadian aircraft, but on board an aircraft flying from Canada, to go elsewhere—this is so complicated that it is hard to understand!

An hon. Member: There is no possible "understanding".

Mr. Roberge: He commits such an offence while flying from Canada to go elsewhere. I wonder how—especially if the offence is committed on board a Canadian aircraft or on board an aircraft whose pilot is not a Canadian, such person could be brought before the courts when he is not in Canada, at the airport, or will not come back to Canada anyway.

(Text):

Mr. Fulton: Mr. Chairman, I regret indeed that the hon. gentleman has so completely misunderstood the effect of this legislation, because the 16 cases to which he made reference are 16 complete non sequiturs. They do not arise out of the legislation which we have proposed here, and not one of them has any bearing on the discussion which should be before the committee.

The simple intent and effect of this legislation is to fill a gap in the present law by providing that the pilot in command of an aircraft registered under regulations made pursuant to the Aeronautics Act, which is a Canadian statute, while that aircraft is in flight shall have the power of a peace officer with respect to any crimes committed on the aircraft of which that pilot is in charge. The effect of that clause is precisely the same as the present law with respect to the situation on vessels at sea. The party of my hon. friend was in power for 22 years while the maritime law has had those provisions, and I never heard them suggest that there was any derogation of Canadian sovereignty as a result of those provisions. They were not prepared—whether by reason of ineptitude or laziness I do not know—to take the necessary action to make the same situation prevail with respect to aircraft. We are now filling the hole that my hon. friends left for 22 years.

Clause 3 of the bill is to the effect that any offence committed on an aircraft in flight, which flight terminates in Canada, shall be triable in a Canadian court. We are merely conferring a jurisdiction now lacking upon Canadian courts to try persons committing offences under the law of Canada on aircraft, the flight of which aircraft terminates in Canada. It will be noted that we are not asserting any jurisdiction over persons who are not citizens of Canada with respect to their trials unless the attorney general of Canada authorizes the prosecution. So that is the simple effect of the legislation, and it makes nonsense of the 16 cases put up by my

hon. friend, and I will not comment upon his motives for putting up these 16 cases. I will simply say that these cases, raised out of order, have no relation to the provisions of the legislation. The legislation is good legislation requested by responsible aviation associations in Canada including the Canadian pilots association, and the opposition of the hon. gentleman is, to me, incomprehensible.

The Acting Chairman (Mr. McCleave): Shall the clause carry?

Some hon. Members: Ten o'clock.

The Acting Chairman (Mr. McCleave): The hon. minister has just been grounded.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the leader of the house what the business is for tomorrow and perhaps for Friday and Monday as well?

Mr. Green: Tomorrow we will continue with consideration of the amendments to the Criminal Code and then take item 10, an act to amend the Prisons and Reformatories Act; then item 16, second reading of the bill to amend the Maritime Coal Production Assistant Act—I understand the resolution went through this afternoon—then item No. 2 and item No. 11 which deal with agreements between the government of Canada and the governments of New Brunswick and Nova Scotia in respect to Indian reserves. The house is sitting only tomorrow morning, so we probably will not be able to do very much business. On Thursday we will commence the estimates of the Department of National Defence and continue with those and the estimates of the Department of Defence Production.

Mr. Chevrier: After item No. 2, did the minister add another one?

An hon. Member: No. 5.

Mr. Green: It is No. 5 on my list and No. 11 on the order paper.

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

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

STRATTON PROPERTY PURCHASE, SACKVILLE, N.B.—LEGAL SERVICES

Question No. 468—**Mr. McWilliam:**

1. Were legal services engaged by the government, from outside government departments, in connection with the purchase of the Stratton property, Sackville, New Brunswick?

2. If so, what is the name or names of those engaged and what were the amount or amounts, of the fees paid by the government?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1. Yes.

2. The agent, who was engaged by the Department of Justice on behalf of the Department of National Defence, was Mr. Horace B. Trites of Moncton, New Brunswick. His account has not yet been received by the Department of National Defence.

"NOVA SCOTIA (S.E. COAST) AND BAY OF FUNDY PILOT"

Question No. 478—**Mr. Morris:**

1. In what year was the second edition of "Nova Scotia (S.E. coast) and Bay of Fundy Pilot" published?

2. How many supplements have been published and when?

3. When will a third edition be published?

Answer by: **Hon. Paul Comtois (Minister of Mines and Technical Surveys):**

1. Dated 1944; published 1945.

2. Four. June, 1949; May, 1953; November, 1956; April, 1959.

3. Manuscript in preparation. Expected to be published in 1960.

HOUSE OF COMMONS

Wednesday, July 1, 1959

The house met at 11 a.m.

DOMINION DAY

92ND ANNIVERSARY OF CONFEDERATION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, not only is this the 92nd anniversary of confederation but it is the first of Canada's birthdays on which we have been honoured by the presence in Ottawa of the monarch. I am sure that hon. members would wish on this occasion to express the pride of all Canadians in having Her Majesty the Queen and Prince Philip here on Canadian soil joining with us in the celebration of Dominion day. Before the hour is out Her Majesty will be transmitting her message to her Canadian subjects, thereby once more expressing something of the relationship between Canada and the other nations of the commonwealth.

On this day as we look back on the history of our country and her great traditions, we as fellow Canadians will not lose sight of the fact, I am sure, that in Canada's newest province, Newfoundland, this is Memorial day as well, in memory of that gallant battalion of Newfoundlanders who, almost decimated, gave their all for the things in which they and we believe. So on this day I think Canadians as a whole will honour our past and its achievements such as I have mentioned in connection with Memorial day in Newfoundland, will gain strength from the present and dedicate ourselves to the future.

In that spirit, sir, I suggest that hon. members could do no better than follow the course of the past and sing God Save the Queen and O Canada.

Hon. L. B. Pearson (Leader of the Opposition): On behalf of our party, Mr. Speaker, I am very happy to associate ourselves with what the Prime Minister has said. This is our national day; it is our 92nd birthday, which in itself is an indication that Canada is no longer one of the younger countries of the world but, even in terms of years, is approaching maturity. It is a very happy coincidence —perhaps "coincidence" is not exactly the right word to use—it is a happy circumstance, Mr. Speaker, as the Prime Minister has mentioned, that our Queen, the Queen of Canada, is celebrating our national day with us on Canadian soil and that shortly she will be addressing the Canadian people.

The Prime Minister referred to the fact that this is also Memorial day in Newfoundland, the anniversary of that tragic day in Newfoundland's history, that tragic and glorious July 1, 1916, a date many of us will not forget. This reminds us that if Canada has achieved the position in the world that I think we have achieved, it is due in large part to the sacrifices of Canadians in bygone days in peace and in war, of which this was one of the most tragic and the most glorious.

The presence of the Queen and Prince Philip in our midst at this time is an indication, one of which I think we should be happy and proud, that while we are a developing country our roots are deep in the traditions and in the past of our mother country, the United Kingdom and, indeed, of our mother country of France. Because our roots are deep it is assurance, indeed it is reassurance, that we will proceed forward to that glorious destiny which is bound to be ours in Canada if any country has any destiny of any kind in this uncertain world.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, it is a pleasure for me on behalf of the C.C.F. party to join with the Prime Minister and the Leader of the Opposition in saying how pleased we are that Her Majesty and Prince Philip are able to be with us today when we are celebrating Canada's 92nd anniversary. We note also, as has already been said, that this day is commemorated because it is Memorial day in the province of Newfoundland.

In its 92 years as a nation our country has made great progress. Our nation has been founded on two main cultures. Our nation has shown an example to the world in tolerance and understanding and in proving that people of different languages and diverse cultures can live and work together in a democratic framework to build a nation of which every citizen is proud. We look across the world today with the feeling that although we are not, either by way of population or economic strength, the mightiest of the nations, yet by peaceful example, by

peaceful co-operation with other nations, by an example of tolerance at home, we can be first among the leaders of the nations of the world.

Whereupon the members of the house rose and sang

God Save the Queen
and
O Canada

HOUSE OF COMMONS

ANNOUNCEMENT OF AFTERNOON HOLIDAY FOR STAFF

Mr. Speaker: May I report to the house that as we are not sitting this afternoon I have taken the liberty of making an arrangement which I hope will commend itself to the house as being in the spirit of the day, namely that the services of the house that are not required this afternoon will be dispensed with. The chiefs of staff have been advised to free all staff not needed to carry on essential services at one o'clock.

VETERANS AFFAIRS

Sixth report of standing committee on veterans affairs.—Mr. Dinsdale.

STARRED QUESTIONS

ATLANTIC PROVINCES POWER DEVELOPMENT

Question No. 107—**Mr. Robichaud:**

1. What is the total amount of money provided in estimates for advances in accordance with agreements entered into or to be entered into pursuant to the Atlantic Provinces Power Development Act, for each of the fiscal years since the said act came into force?
2. What is the total amount actually spent in the province of Nova Scotia for each of the fiscal years mentioned in question 1?
3. What is the total amount actually spent in the province of New Brunswick for each of the fiscal years mentioned in question 1?
4. Of the amounts mentioned in questions 2 and 3, what sum has been spent (a) in Nova Scotia; (b) in New Brunswick, for the construction of thermo plants?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answer, Mr. Speaker, is as follows:

1. Fiscal year 1957/58 (vote 873)		$ 3,410,000.00
Fiscal year 1958/59		
Vote 213	$ 1,700,000.00	
Vote 507	11,329,000.00	
Vote 659 (revote of part of vote 873, 1957/58)	2,290,000.00	15,319,000.00
Fiscal year 1959/60		
Vote 213	$ 1,700,000.00	
Vote 477	11,627,000.00	13,327,000.00
2. Fiscal year 1958/59	$ 1,130,776.25	
Fiscal year 1959/60 (province estimates claims may amount to)	7,739,684.48	$ 8,870,460.73
3. Fiscal year 1957/58	715,772.10	
(Payment made February 6, 1959)		
Fiscal year 1958/59		
(Transmission facilities)	364,410.09	
(Coal subvention)	562,157.06	
(Claims on hand)	1,269,320.34	
Fiscal year 1959/60		
(Coal subvention)	83,439.50	
(Province's estimate)	7,985,000.00	
	$10,980,099.09	

4. (a) It is estimated that $3,459,883.00 may be paid in 1959/60 in connection with a 20 megawatt thermal plant at Trenton.

(b) It is estimated that $5,632,953.00 may be paid in 1959/60 in connection with the East Saint John plant.

[Mr. Argue.]

THERMO POWER PLANT, EAST SAINT JOHN, N.B.

Question No. 108—**Mr. Robichaud:**

1. Is work presently underway for the construction of a thermo power plant at East Saint John, New Brunswick?
2. If so: (a) what is the estimated cost of the proposed plant? (b) has a specific agreement been

signed with the federal government as required under the Atlantic Provinces Power Development Act? (c) if such an agreement has not been signed, what is the reason for the delay?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The answer to the first question is yes.

The answer to the second question, part (a) is $10 million.

The answer to part (b) is that a master agreement is in force between Canada and New Brunswick pursuant to the Atlantic Provinces Power Development Act but no subsidiary agreement has been signed regarding the East Saint John thermal plant.

The answer to part (c) is, as I indicated to the house on May 19, 1959, that the province of New Brunswick has set up a royal commission to consider policy on the costs and operation of this plant. When the commission's report is received the province will undoubtedly consider its future course of action as regards an agreement with the federal government.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ATLANTIC PROVINCES—NATURAL RESOURCE PROCESSING

Question No. 97—**Mr. Pickersgill:**

1. Have any special fiscal considerations been offered by the government to encourage private enterprises to locate in the Atlantic provinces to encourage the processing of natural resources?
2. If so, what are those considerations?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I suggest that this question be made an order for return.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, the question is a very simple one, and it does not appear to me that it needs to be buried as so many starred questions have been buried already during this session.

Mr. Fleming (Eglinton): The reason is that the answer will require information from more than one department, so I made the proposal in order to facilitate the furnishing of complete information, on the assumption that that was what the hon. gentleman sought.

Mr. Pickersgill: I might draw Your Honour's attention to the fact this question has already been on the order paper for 30 days.

Mr. Speaker: Order for return.

FEDERAL BROADCASTS, CJON, ST. JOHN'S, NFLD.

Question No. 449—**Mr. Argue:**

1. Has any department of the federal government or any cabinet minister made any broadcasts over CJON St. John's, Newfoundland, since January 1, 1953?
2. If so, by whom, and on what date were these made each year?
3. What was the cost of each broadcast, on what date was each paid and to whom?

NATIONAL REVENUE AND IMMIGRATION STATISTICS, B.C. PORTS

Question No. 484—**Mr. Herridge:**

1. What staff is employed by (a) the Department of National Revenue; (b) the Department of Citizenship and Immigration at the ports of Kingsgate, Waneta, Nelway, Paterson, Osoyoos, British Columbia?
2. What are the hours of service?
3. What was the total number of (a) persons; (b) vehicles, (i) entering Canada; (ii) leaving Canada, at each of the above ports during each of the fiscal years 1954-55, 1955-56, 1956-57, 1957-58, 1958-59?
4. What was the total value of (a) exports; (b) imports, at each of these ports during each of the above years?
5. What was the total revenue collected at these ports for each of the above mentioned years?

MOTIONS FOR PAPERS

CORNWALL HIGH LEVEL BRIDGE—REMEDIAL WORK

Motion No. 127—**Mr. Argue:**

For a copy of all correspondence, telegrams, inspection reports, test reports, agreements, contracts, and other documents and reports, exchanged between any official of the St. Lawrence seaway authority, any cabinet minister, and the United States corps of engineers, the St. Lawrence seaway development corporation, contractors, their engineers, or any representative of the contractors, since November 13, 1956, regarding construction of the substructure and superstructure of the Cornwall high level bridge, and any remedial work necessitated on any part thereon.

Hon. Leon Balcer (Solicitor General): Mr. Speaker, there is no objection to this motion passing, subject to the usual reservation regarding privileged documents and subject to the consent of the United States government.

Motion agreed to.

GLOUCESTER COUNTY, N.B., FISHERIES

Motion No. 128—**Mr. Robichaud:**

For a copy of all correspondence, telegrams, and other documents exchanged between the federal department of fisheries and any individual or corporation or any other party, in relation to the operation of herring set nets or purse seine in any of the waters adjoining Gloucester county, New Brunswick, for the period January 1, 1958 to date.

Motion agreed to.

DOMINION-PROVINCIAL CONFERENCE

STATEMENT RESPECTING CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, is the Minister of

Finance in a position to answer the questions asked the other day in connection with the conference of provincial treasurers which opens next Monday in Ottawa?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have now seen the questions which were asked on Monday and Tuesday by the Leader of the Opposition in this respect while I was in Toronto in attendance on Her Majesty. So far as Monday's question is concerned, which asked if an invitation had been extended by the government to the premiers of the provinces to attend the conference, I may say that the answer is in the negative. This conference was designed as one of a financial nature, and the invitation was extended to the provincial treasurers or provincial ministers of finance. Of course no attempt was made to draw any limits or make any suggestions as to those whom the provincial treasurer or minister of finance might wish to have associated with him in the delegation representing the province.

There are three provinces in which the provincial treasurer or minister of finance is also the premier. They are British Columbia, Manitoba and Nova Scotia. In these three cases the premier of the province will be attending in his capacity as provincial treasurer. We have also received from the treasurer of Prince Edward Island an intimation that the premier of that province will also be attending the conference with him. I have not had any communication from the province of Quebec in this respect, although references were made in a debate in the house several weeks ago to a newspaper report indicating that the prime minister of Quebec would be attending the conference along with the minister of finance of that province.

The question on Tuesday asked me to make some statement concerning the agenda to be brought before the conference. We prepared in the Department of Finance some weeks ago a quite comprehensive list of proposed subjects which included all those which had been suggested by any of the provinces in the course of the communications which had passed between Ottawa and the capitals of the provinces or which had been discussed in the course of the visit made to all the provincial capitals by the director of the dominion-provincial relations division of the Department of Finance.

This document, which was of a confidential nature, was submitted to all the provincial treasurers or provincial ministers of finance for their approval. I may say that we have had communications from a majority of the provincial treasurers in the meantime approving the proposed list of topics. I think we have not yet heard from quite all but have heard from the majority of them.

Subject to the decision of the conference itself when it assembles next Monday, this list of proposed subjects will form the basis of discussion at the conference and in the further meeting to follow. It will involve on the part of the conference itself decisions with regard to priorities, selection, arrangement and then the reference to the meeting of the continuing committee of officials as the conference of ministers may decide.

Mr. Pearson: Did I understand the minister to say that no official communication had been received by him that the premier of Quebec would be attending?

Mr. Fleming (Eglinton): I do not believe there has been any official communication on that subject. There had not been any, to my knowledge, up to the time I left for Toronto at the end of last week.

Hon. Paul Martin (Essex East): Can the Minister of Finance say whether any of the conference proceedings will be open to the public, as is usual on occasions when heads of government meet at such conferences; and in view of the strong statement made by Premier Roblin last week that he thought there should be held at the earliest possible moment a dominion-provincial conference at the usual level, is the hon. gentleman in a position to say, after his two-day absence from this house which undoubtedly has given him an opportunity for relaxation, whether there will be such a conference before the end of this calendar year in order to fulfil the promises made by the Prime Minister and the government?

Mr. Fleming (Eglinton): Mr. Speaker, all promises made by the government have been fulfilled, and the government is continuing in the same worthy spirit to carry forward the work which is being done to repair the damage caused to dominion-provincial relations by our predecessors. While the task which has been handed on to us is not an easy one, we think we shall in time repair the damage that was done before we were entrusted with this responsibility.

I was asked whether these meetings would be open to the public. Again, this is a matter for decision of the conference itself. It is my understanding, and indeed this has been confirmed by the view of a considerable number of ministers who will be attending the conference, that having regard to the nature of the conference it ought to proceed in camera.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Prime Minister a question supplementary to those

which have been asked by my colleagues. Would the Prime Minister consider setting aside a day for the purpose of discussing some of the matters that might be presented before the provincial treasurers and ministers of finance in order to enable us in Ottawa to know in general what views the Minister of Finance will express on behalf of the government of Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): I notice that the hon. gentleman is reading from *Hansard,* and I seem to recollect that the answer given at the time was that there was no necessity of that being done. Nothing was done to achieve the suggestion contained in the question, and having regard to the amount of discussion which has already taken place on this subject—ten days during this session, the Minister of Finance points out—I am sure that every view that could possibly be canvassed has been canvassed to date.

Mr. Pickersgill: Does the Prime Minister mean by that reply that he now thinks Mr. St. Laurent was right in his answer at that time?

Mr. Diefenbaker: I am not going to enter into controversy with a right hon. gentleman who is no longer a member of the house.

Hon. Lionel Chevrier (Laurier): May I ask the Minister of Finance a question arising out of the answer he gave to the Leader of the Opposition. In that answer he said there was no hard and fast agenda which had been submitted, but that on the other hand there was a comprehensive report which had been prepared by the Minister of Finance. Has that comprehensive report been sent out to those who are attending the conference and, second is federal aid to universities one of the subjects referred to?

Mr. Fleming (Eglinton): The document to which I referred in my earlier statement this morning went out to all the provincial treasurers some weeks ago, and their comments were invited as to whether they thought it would furnish an acceptable agenda for the conference. The contents of the document were confidential, and the document has not been released from that category.

Mr. Pickersgill: Can the minister indicate whether, if most of the provincial governments have indicated their acceptance of this proposed agenda, those which have done so include the government of the province of Quebec?

Mr. Fleming (Eglinton): I have not seen the communications, if any, which have come in within the last two days, and of course the government offices are closed today, so my answer must not be taken as being complete up to this moment. I do not think the province of Quebec has yet made any comment on the scope of the proposed list of topics.

Mr. Martin (Essex East): In view of the fact that some provincial premiers have indicated formally or in some way their intention of attending this conference, may I ask the minister if he draws any special conclusion from the fact that the premier of Quebec, announcing his decision to come, has not advised the government of his intention to do so?

Mr. Fleming (Eglinton): I do not think I would draw any conclusion from that except that the present government does not question the right of any provincial government to make its own selection. It may not be easy for the hon. gentleman to realize that the present federal government does not attempt to dictate to the provinces in any shape or form.

Mr. Pickersgill: Just to the C.B.C.

Mr. Fleming (Eglinton): I can only ask hon. gentlemen opposite to realize that within the last two years times have changed.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): In view of the very illuminating reply we have just received and the assurance that this government does not dictate to the provinces, may I ask the Minister of Finance if that means that hereafter there will no longer be telegrams sent advising the provinces what the government proposed to do in the matter of dominion-provincial relations, without consulting the provinces?

Mr. Speaker: The questions are taking on the attributes of the debate which was suggested earlier, and might be concluded at this point unless the Minister of Finance feels it necessary to reply to the last contribution.

Mr. Martin (Essex East): I think that ought to be answered.

Mr. Fleming (Eglinton): I am happy to answer the question asked by the hon. gentleman. The government will take advantage of the usual channels of communication in order to communicate to the provinces the good news of the more generous treatment they are receiving on the part of the present government.

[*Later:*]

Mr. Pickersgill: Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the statement made by the Minister of Finance about the more generous treatment being given to the provinces could

the Prime Minister say how soon the usual channels of communication to this house will be used by the government to indicate to the house the nature of the legislation with respect to the implementing of the terms of union?

Mr. Diefenbaker: Mr. Speaker, amidst all that verbiage it is rather difficult to understand the hon. member's point—

Mr. Pickersgill: I was only seeking to repeat the words of the Minister of Finance.

Mr. Diefenbaker: —but making due allowance for the unnecessary and unattractive adornment may I say that the same question has been asked before. The legislation will be proceeded with some time during the present session, and as soon as possible.

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a supplementary question to the Minister of Finance. Has consideration been given to inviting representatives of the municipalities to the forthcoming federal-provincial conference? I ask this because of their vital interest.

Mr. Fleming (Eglinton): Mr. Speaker, this is a meeting of provincial treasurers and provincial ministers of finance with the federal Minister of Finance. So far as I am aware no municipal representatives are associated with the delegations representing any of the provinces.

PARLIAMENT BUILDINGS

REQUEST FOR MAINTENANCE OF HISTORICAL RECORD

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as an aged but sentimental rebel I wish to direct to the Secretary of State an appropriate question for this historic day.

In view of the report in the Ottawa *Citizen* of June 23 that Mr. Pearson, the architect of the present parliament buildings, died before he could complete a book giving an account of the historic features of our parliament buildings, and that there is only one man living who shares his knowledge, retired Sergeant Thomas L. Closs, formerly of the House of Commons protective staff; and in view of the importance of preserving this historical knowledge of such great interest to all Canadians, and because of the inexorable passing of time, would the minister consider taking immediate action to have Mr. Closs's knowledge of the historic features of our parliament buildings recorded for posterity?

Hon. Henri Courtemanche (Secretary of State): I wish to thank the hon. member for having given me notice of his question. Unfortunately, today being a holiday, it is impossible for me to contact the proper departmental officials to give the hon. member the information he requires but as soon as possible I shall answer his question.

EXTERNAL AFFAIRS

NATO—INQUIRY AS TO REPORTED MEETING OF FOREIGN MINISTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he can give us any information about the report that there is to be a meeting of NATO foreign ministers before the reconvening of the conference at Geneva; and if so, can he assure the house that any such meeting will include all the NATO members and not only a few of them?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, at the present time we have no indication that there will be such a meeting. The Leader of the Opposition will have noticed that statements were made after the recent meeting between the presidents of France and Italy to the effect that these two nations wish to have a meeting of the foreign ministers of the four nations, United States, United Kingdom, France and Italy. In this connection I should like to stress that, as I said on June 22, the Canadian government attaches great importance to the consultations on this question of the Geneva conference which have been taking place in the NATO council and are still continuing. It is in these consultations that Canada is particularly interested.

(Translation):

INQUIRY FOR RETURN

PRINTING BUREAU CONTRACTS, QUEBEC—ATLAS OF CANADAA

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, may I ask the Secretary of State if he hopes to answer my questions in the very near future?

Hon. Henri Courtemanche (Secretary of State): The answer is yes, Mr. Speaker.

(Text):

TRANSPORT

ST. JOHNS, QUE.—INQUIRY AS TO PURCHASE OF PROPERTY

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I should like to direct a question to the Minister of Transport, but in his absence I wish to direct my question to the Solicitor General.

(Translation):

Has the Minister of Transport received a request from the city of St. Johns (Quebec) for the lease of a site south of Central Vermont railway bridge, at St. Johns?

I would also like to ask a supplementary question. Has the Minister of Transport been requested by the junior chamber of commerce of St. Johns that this site be leased to the city of St. Johns rather than to private interests?

Hon. Leon Balcer (Solicitor General): I shall make the necessary inquiry into this matter, Mr. Speaker, and shall give an answer tomorrow.

BRIDGES

CHAMPLAIN BRIDGE, MONTREAL—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. Gerard Loiselle (St. Ann): Mr. Speaker, I wish to direct a question to the Minister of Transport or, in his absence, to the acting minister.

Could the minister indicate why all construction work has been suspended on the Champlain bridge, which is a necessity not only for the western part of the city of Montreal, but also for the people on the south shore? If there are serious reasons for this, could he state them?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, I have no comment on that today, but I shall take the question as notice.

(Text):

BUSINESS OF THE HOUSE

COMBINES ACT AMENDMENT—SUGGESTED POSTPONEMENT OF CONSIDERATION UNTIL NEXT SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Justice if he is now in a position to answer the questions which were addressed to the Prime Minister the other day in connection with the procedure to be followed in relation to the amendments to the Combines Investigation Act?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I regret that I am not in a position to give a definite answer, but I expect to be in a position to do so early next week. I have not yet concluded discussions with my colleagues.

CRIMINAL CODE

The house resumed, from Tuesday, June 30, consideration in committee of Bill No. C-58, to amend the Criminal Code—Mr. Fulton—Mr. Sevigny in the chair.

On clauses 2 and 3.

The Chairman: We were considering clauses 2 and 3 simultaneously. Shall these clauses carry?

Mr. Fulton: Mr. Chairman, last night when we were dealing with these clauses it seems to me that a certain amount of misunderstanding arose as to the nature and effect of these provisions and as to why they have been included in the bill. I thought therefore a short statement from me at this time might be helpful. I should therefore like to advise the committee as to the background situation and what it is that we hope to accomplish by these provisions.

These clauses deal in an interim way with some of the many problems in relation to crimes committed on aircraft, which are the subject matter of study by international lawyers, as well as municipal lawyers.

Under the authority of the international civil aviation organization, international lawyers from many countries are grappling with the problem of working out rules of private international law which may be adopted by all the nations so there will be some country adopting jurisdiction and accepting responsibility in every case, and so there will be no overlapping of claims and unseemly clashes as between the legal systems of different nations.

This great project which has, as I have said, been tackled in an organized way by international lawyers from many countries will, apparently, take a long time to conclude. There are many problems to be solved and many possible principles that might be adopted for their solution. These are all being explored on a systematic basis and the result will, I am confident, provide all nations with a sound and proper basis for its domestic legislation.

In the meantime there are certain gaps in the provisions of our law in connection with crimes committed on aircraft which cannot be ignored. These include, first, the fact that our law does not recognize criminal law running with an aircraft over the high seas; and second, the determination of the situs of a crime so as to determine substantive law and jurisdiction is virtually impossible, so as to leave the culprit free from prosecution.

The result is that so far as our law is concerned, one man could deliberately and with malice aforethought kill another on an aircraft over the Atlantic and, on landing in

Canada, boast of his deed with impunity. This is a situation which in my view cannot be allowed to continue.

The Canadian Bar Association recognized the situation and asked that appropriate steps be taken. We in the Department of Justice, after studying the matter, concluded that it could be dealt with on an interim basis in the manner set out in clause 3. We worked out a project which we referred to the criminal law section of the uniformity of laws conference. That body made some suggestions which we have adopted in clause 3. We have also made subsequent modifications as a result of our own studies.

What we are proposing in clause 3 may not solve all the problems, and it is admittedly not the fruit of the application of generally accepted principles of private international law. There is none as yet. I do think, however, that it fills in a practical way the most obvious gaps in our law without creating intolerable problems of proof and unbearable burdens of expense.

With reference to clause 2, the international lawyers to whom I have referred are also studying the legal position of the aircraft commander; that is, the whole problem of what duties and powers should be attached to his position. In the meantime, until international agreement is reached as to what those duties and powers should be, it seems clear that the law should, so far as Canada is concerned at least, confer on him the minimum status necessary to enable him to cope in a practical way with the problems he is liable to encounter while in flight. This is in line with the recommendations of the Canadian pilots' association, which had asked that the authority of a pilot should be defined.

The criminal law section of the uniformity of laws conference was consulted on this problem also, and made the recommendation that the commander of an aircraft should have the powers of a peace officer during a flight. Clause 2 is designed to implement that recommendation.

Finally, I wish to repeat for emphasis that these two proposals are put forward as interim, stop gap measures on the understanding that as soon as the nations have agreed on uniform rules to deal with these and other problems, we shall then give the most careful consideration to adopting such rules as part of the domestic law of Canada.

Mr. Chevrier: Mr. Chairman, I think the committee will welcome the statement the minister has made this morning, arising perhaps out of the discussion which took place last night. It is unfortunate that the minister did not see fit to make a similar statement earlier in the debate, which perhaps would have avoided some of the apparent misunderstanding which did take place.

There are a number of questions which come to my mind, arising not only out of the statement the minister has made but also out of the two clauses which are now before the committee. In the first place, a point was made by the minister and by certain hon. members yesterday that the position here is like that of a ship, and the question which immediately comes to my mind is this. There are many ships in which the master has the powers which are given to the pilot here, but the ship is not registered in Canada. There are many ships operating between our shores and foreign lands which are not of Canadian registry, and therefore it seems to me there is a distinction to be established between a ship and an aircraft which, apparently from the definition, must be one which is registered in Canada. Therefore I ask the minister immediately what is meant by the words:

On an aircraft registered in Canada under regulations made under the Aeronautics Act—

That has not been made clear from the discussion which took place last evening and again in the statement which the minister made earlier. I welcome the statement from the minister that much of this is brought about because of recommendations or decisions made by ICAO, the international civil aviation organization. That is clearly different from the attitude taken by the minister last night.

Mr. Fulton: Not at all; I said that last night.

Mr. Chevrier: But the minister also said that we had been in office for 22 years and we had not done a thing with reference to this matter. In other words we were lazy in not bringing this forward; we were inept, and the like, thereby injecting a purely political note in a matter which is not at all political, but a matter which should be dealt with on its merits and I propose to deal with it on its merits now and not from any political aspect at all. After all, I think if we had been in office the first thing we would have done following a recommendation of ICAO would have been to ask a committee of this house to bring a matter of this importance into operation by way of legislation.

Then the minister says that this is an interim, stop gap measure. I invite him to define that a little more clearly. I realize there is no law which is more uncertain than that of aviation, and that is simply because of the fact that there is little or no jurisprudence on that matter in this country. That being the case, it is not surprising that there should be a number of gaps in the

Canadian law having to do with aviation. Therefore it strikes me, sir, that we should get from the minister an explanation of what is meant by:

On an aircraft registered in Canada under regulations made under the Aeronautics Act—

Also why does he make a distinction between a ship and an aircraft, because evidently the aircraft must be one registered in Canada, according to the amending clause; whereas the ship need not be one registered in Canada although the master of the vessel, to use the minister's words or paraphrasing them, will have the same powers as the pilot of the aircraft. Then perhaps he might go a little bit further into the question of the stop gap, interim measure. How long is it expected that this will be an interim measure until legislation which can apply to all countries becomes operative?

Mr. Fulton: Mr. Chairman, I think perhaps there is a small misunderstanding between myself and the hon. member which I shall clarify now. Clauses 2 and 3 of this legislation are not something which has been recommended to us by ICAO. The fact is that ICAO is studying, through committees of lawyers, this whole problem of international aviation law, and we are participating as members in that study. But it is obvious that it will be some considerable time before these studies result in recommendations from ICAO to its member nations. We have felt that in the meantime, to plug these very substantial and far-reaching gaps, we should act to amend our own domestic law.

It was in that sense that I used the words that this was an interim or stop gap measure, because it would be our intention, as soon as we have the recommendations from ICAO, to study it and if, as I anticipate would be the case normally, we find them appropriate, then we shall recommend to parliament the adoption of such portions as are applicable to Canada and they will become then, if parliament agrees, the law of Canada and this present provision will be repealed.

Therefore the answer to the question as to what will be the duration of this stop gap or interim legislation must be, I think, at least until such time as we receive recommendations from the international organization and are in a position to recommend them to parliament in substitution of or in addition to what we are asking parliament to enact here.

Mr. Chevrier: May I ask the minister a question before he passes on to another subject. If ICAO does make recommendations having to do with matters of this kind, or other matters affecting aviation generally, must there not be an international agreement by all members of ICAO before it can become law?

Mr. Fulton: I understand it could be done in either one of two ways, either by having ICAO make a recommendation to the member nations but those nations to adopt the recommendation on their own; or, alternatively, by following the procedure of trying to work out an international convention to which the member nations would subscribe; and if we subscribed then, of course, the rules of this convention would become part of our law.

Mr. Chevrier: May I have the answer to the other question?

Mr. Fulton: The other question was why is it that we are confining clause 2 to aircraft registered in Canada.

Mr. Chevrier: What is the meaning of the phrase, "on an aircraft registered in Canada under regulations made under the Aeronautics Act"?

Mr. Fulton: I think, Mr. Chairman, it is that the provisions regarding registration of aircraft in Canada are contained in these regulations under the Aeronautics Act. We wanted to describe or refer to the type of aircraft to which this clause would be applicable and we therefore made reference to the statute under which the regulations governing registration are made. The reason we have confined it to aircraft registered in Canada is really that this is an interim measure, and we felt that during this interim period we should not seek to extend Canadian law to any aircraft not registered in Canada. We felt that to make a general extension would perhaps be asserting a degree of Canadian sovereignty that does not in fact exist, whereas we are quite confident that we are on sound ground in extending this to aircraft registered in Canada.

Mr. Chevrier: May I ask another question. I perhaps knew this at one time but I do not at the moment. Under the regulations passed under the Aeronautics Act is there provision for the registration of foreign aircraft in this country?

Mr. Fulton: I am not thoroughly familiar with these matters; therefore my answers may be a little inaccurate. If I find they are I will try to correct them as I go along. I find that part 2 of the regulations in paragraph 200 provides that no person shall fly an aircraft in Canada unless it is registered under this part or under the laws of a contracting state or a state that is a party to an agreement entered into with Canada relating to interstate flying.

Paragraph 204 of the regulations lays down the conditions that must be complied with before an aircraft can be registered under these regulations. It provides in the main that it cannot be registered unless it is a state aircraft or is owned exclusively by a person qualified to be the registered owner of a Canadian aircraft; that there is in force a certificate of airworthiness, and various other provisions as to the conditions that must be complied with before registration can be effected.

To answer my hon. friend's question, I think the operative words are that no person shall fly an aircraft in Canada unless it is registered under this part or under the laws of a contracting state which is a party to an agreement with Canada.

Mr. Chevrier: I understand that it is not an easy matter to bring in legislation of this kind and be familiar with all of the regulations under the Aeronautics Act. I am not going to press the minister unduly but I wonder whether he can tell me whether aircraft, the property of the government of France or of the government of the United Kingdom, flying into Dorval and thence to other places in Canada, if they have the right under an air agreement, are required to be registered in Canada under these regulations from which the minister has just read.

Mr. Fulton: The answer, I think, is that it is not necessary under those circumstances for the aircraft to be registered in Canada, because under the provisions of subparagraph (b) of paragraph 200 of the regulations it is not required to be registered here if it is registered under the laws of a contracting state or a state that is a party to an agreement entered into with Canada. Therefore if the government of France and the government of Canada have an agreement giving Air France flying rights in Canada and the aircraft of Air France are registered in France, they would not have to be registered in Canada under the appropriate provisions of the regulations.

Mr. MacLean (Winnipeg North Centre): I have one point on which I should like some information from the minister. It has to do with the definition of "in flight" in clause 3. As the minister is probably well aware, Scandinavian Air lines has the privilege of landing at the Winnipeg airport only for the purpose of refueling. It has no privileges with respect to embarking or disembarking passengers. Aircraft from Sweden land at Winnipeg for refueling only and their terminal point is Los Angeles.

Two or three years ago we had a case involving a Canadian citizen who got off the aircraft in Winnipeg and refused to get back on in order to proceed to Los Angeles and then come back to Winnipeg. The police were called and the fact of the matter is that the passenger did go back on the airplane and complete the flight.

At that time it was a matter of interest to the members of the Manitoba bar as to what legal right the police or anyone else had to compel a Canadian citizen on Canadian soil to go back on the aircraft. As a matter of fact it was the opinion of many legal men in Manitoba at that time that there was no provision under the Criminal Code or anywhere else that could be utilized to compel a Canadian citizen to leave Canadian soil. What I am wondering is whether or not—

The Acting Chairman (Mr. McCleave): I would ask the hon. member how he relates —would the hon. member take his seat—that particular matter to this clause which deals with offences committed in flight. As I understand the Winnipeg case to which he has referred, it was a matter of the man being off the aircraft, and as far as the Chair knows there was no question of an offence being committed in flight.

Mr. MacLean (Winnipeg North Centre): That is just the point, and I would ask you to bear with me for a moment. The clause defining "in flight" states that an aircraft shall be deemed to be in flight from the moment it first moves under its own power for the purpose of taking off until the moment it comes to rest at the end of its flight, and when it so comes to rest that flight shall be deemed to have terminated. If the fact that the aircraft only lands at Winnipeg for refueling means that its flight is not so terminated and does not terminate until the aircraft lands in Los Angeles, then clauses 2 and 3 are applicable to the rights of the pilot of the aircraft, and clause 3 would apply to anything a person might do while the aircraft was at the city of Winnipeg.

I should like the minister's opinion with regard to what the word "terminate" means and where the end of the flight of this aircraft would be. If the termination point is Los Angeles and the end of the flight is Los Angeles then clauses 2 and 3 might cover the case I have just cited, and may I say that I think a similar case will come up again within the next few years.

Mr. Fulton: I think the hon. member is using the word "flight" where he should be using the word "schedule". Los Angeles is the termination of the schedule, but it is my view that the wording of this clause makes it sufficiently clear that if the aircraft

comes to rest in Winnipeg then its flight, for the purposes of this clause, is terminated in Winnipeg, and that therefore an offence committed on that aircraft while in flight to Winnipeg could be dealt with under this clause. But of course that has no relation to the situation that my hon. friend referred to in introducing his remarks. There was no question of an offence having been committed on that occasion.

Mr. Pickersgill: I have a question I should like to ask the minister in relation to his reply. I remember this case quite well. The minister was in charge of the Department of Immigration and Citizenship at that time, as he will no doubt recall.

Mr. Fulton: That case has nothing to do with the bill.

Mr. Pickersgill: I am going to suggest to the minister that unless we have absolute assurance that the flight terminated in Winnipeg then it does have relationship to this bill, because this man was a passenger on a flight which terminated, in the ordinary sense of the word, in Los Angeles. He got off and went into the airport building.

Mr. Fulton: That case had nothing to do with the clause we are now discussing.

Mr. Pickersgill: If the minister has something to say perhaps he might rise and raise a point of order and not just mumble from his seat.

Mr. Fulton: Very well; I will respond to that courteous invitation by raising the point of order that the situation in Winnipeg which is now being discussed has no relationship to this clause because there was no question there of any offence having been committed, and we are not seeking under this bill to change the laws applicable to the situation my hon. friend is discussing.

Mr. Pickersgill: I might point out that the hon. member for Winnipeg North Centre was allowed to discuss this matter, and I am relating it directly to the word "terminate" which is in the legislation itself. I believe the ordinary person—I am not a lawyer—would think a flight ending at Los Angeles terminated at Los Angeles and although the aircraft was not in the air, that while he was on that aircraft it was in flight. I do not know on what basis this man could have been detained, unless it was by order of the pilot because the pilot had asked to have him apprehended.

I should like to ask the minister whether it would be possible for the pilot of such an aircraft, when passengers are not allowed to land although they are Canadian citizens and have a right under the citizenship act to come into Canada without let or hindrance from anybody, in any circumstances to detain a Canadian citizen and prevent him from landing in Canada at one of these refueling places.

Mr. Fulton: It does not seem to me to be very realistic to suggest that if an aircraft is at rest on the ground anyone would say the aircraft is in flight. It seems to me it follows automatically from the point of view of logic and common sense, as well as the ordinary definition of words, that an aircraft is not in flight if it is at rest on the ground at Winnipeg. I think my hon. friend would agree with that interpretation. The key words are found in section 5a (1) (a) of the act:

> —everyone who
> (a) on an aircraft registered in Canada under regulations made under the Aeronautics Act, while the aircraft is in flight, or
> (b) on any aircraft, while the aircraft is in flight if the flight terminated in Canada—

As I say, the aircraft is certainly not in flight if the aircraft is sitting on the ground stationary at the airport at Winnipeg or anywhere else.

Mr. Pickersgill: But would the minister look at subsection 4, the last few words?

Mr. Fulton: Yes; the aircraft would be deemed to be in flight from the moment it first moved under its own power for the purpose of taking off until the moment it came to rest at the end of its flight. It seems to me the courts, and we drew this section accordingly, would say that if it stops at Winnipeg it would have come to rest.

Mr. Pickersgill: But "at the end of its flight"; those are the words that bother me.

Mr. Fulton: We are not talking about the end of the trip for which it is scheduled; we are talking about the flight. Since we have said that when it comes to rest on the ground it shall not be deemed to be in flight, putting the two together the courts will have a clear indication of what parliament intended.

Mr. Pickersgill: The minister is satisfied that even if a pilot had the power we are seeking to give him here he could not arrest a Canadian citizen once the aircraft had come down at a Canadian airport, even though that air line had no authority to land passengers in Canada?

Mr. Fulton: Yes; he could not arrest him unless there had been an offence committed by that Canadian citizen while the aircraft was in flight on its way to Winnipeg, and he could not arrest him after the flight came to an end, after the passengers got off the aircraft. It is my view that the pilot could

not follow him out of the aircraft on to the airport and place him under arrest.

Mr. Pickersgill: Could he arrest him in the aircraft—

The Chairman: The hon. member for Nickel Belt.

Mr. Pickersgill: I am continuing a discussion with the minister, Mr. Chairman. I was asking, could the pilot arrest him in the aircraft after the aircraft came to rest? My point is that the aircraft—

The Chairman: Order; the hon. member for Nickel Belt got up before the hon. member for Bonavista-Twillingate, and I gave him the floor.

Mr. Godin: I should like to hear a continuation of the argument put forward by the hon. member for Bonavista-Twillingate, since my question of the minister is related to the same subject. I hope the hon. member for Bonavista-Twillingate will not lose track of the argument he was putting forward to the minister. It seems to me that this section brings to light problems which could become grave. I am just wondering at this time if the minister has any opinion on the meaning of the word "rest" in subsection 4 of section 5A of the act? This subsection indicates precisely that as soon as the aircraft is in motion the flight begins and therefore the authority of the pilot to arrest a person begins, but the word "rest" as used in that section I would think is open to several interpretations.

Suppose a plane left Germany and came to rest in Canada. It could be argued that if a crime were committed at the time the aircraft touched Canadian soil but before it stopped, the crime was committed on Canadian soil and therefore the pilot had power of arrest and the case could be prosecuted in Canada.

Possibly the minister could enlighten the committee by indicating what the position would be under Canadian law if a crime were committed after a foreign plane had stopped in Winnipeg and before it got in motion again. Let us assume the plane is stopped for 20 minutes for refueling purposes, and a theft is committed in a German aircraft or whatever aircraft it may be; what is the position? Who has authority? Is it only a Canadian constable in Winnipeg who can make the arrest while the aircraft is stopped for 20 minutes? Is the pilot authorized to make the arrest while a foreign aircraft is stopped in Canada? Suppose an Italian person committed a theft while the plane was stopped for 20 minutes; could the pilot make the arrest?

[Mr. Fulton.]

Mr. Fulton: I am afraid there are a number of questions asked and I shall have to separate them in order to answer them. If there is a crime committed while the aircraft is at rest at a Canadian airport for a 20-minute refueling stop, the pilot has no authority to arrest because his authority to arrest is confined to the period while the aircraft is in flight, and "flight" is defined in the act. If there were a crime committed while the aircraft was at rest in Canada there would be no question of jurisdiction, because that would be a crime committed on Canadian soil. All that would happen there would be that the air line officials would get in touch with the nearest peace officer who would arrest the man. Our courts would have jurisdiction to try the case because that would be a crime committed on Canadian soil.

As I understood the hon. member, the next question he asked me was what happens if the crime is committed after the aircraft's wheels have touched the ground and while the aircraft is taxiing up to the airport. This would be covered in two ways. This would be deemed to have occurred while the aircraft is in flight because the aircraft has not come to rest. We have it in flight, according to the definition, and therefore the pilot would have authority to make the arrest, but not to try or dispose of the case; only to make the arrest of the person who committed the crime before the aircraft had come to rest. In addition, it would be my view that this crime would also be a crime committed on Canadian soil and therefore in addition to the power of arrest of the pilot there would be jurisdiction for arrest by Canadian peace officers and jurisdiction of Canadian courts to try the case.

Similarly, if a crime were committed after the aircraft doors were closed and the aircraft had commenced to taxi, prior to its take-off, that by definition would be a crime committed in flight and once again therefore the pilot of the aircraft would have the power of arrest under this section, if it is an aircraft registered in Canada.

Mr. Pickersgill: I wonder if I might now put the question I attempted to put to the minister before. If an aircraft arrives at a Canadian airport and comes to rest, and before the doors are opened a Canadian citizen on that aircraft owned by an air line that is not allowed to land passengers in Canada, seeks to get out of the aircraft, has the pilot any power under this legislation to detain him?

Mr. Fulton: No, Mr. Chairman; because the attempt to get out of an aircraft is not an

offence of the type that we are dealing with under these two sections. This refers to indictable offences.

Mr. Pickersgill: So that in no way could this legislation give the pilot any power to detain a Canadian citizen within the aircraft because the air line was not allowed to land passengers at that place?

Mr. Fulton: The answer is no, it does not.

Mr. Crestohl: As the minister properly pointed out, this is a new field of law. A new form of legislation is being created, and new jurisprudence will be created. As the minister quite properly indicated, this whole field is now being explored.

I think we should pay very close attention to the definition of the terms that we are now applying. I agree with the hon. member for Winnipeg North Centre who finds a problem in the words "termination of flight". In section (b), for example, of 5a we find the words "while the aircraft is in flight if the flight terminated in Canada". Does the minister not think that instead of the words "terminated in Canada" it might be better to use the words "if it lands in Canada"? You would thereby eliminate the difficulty with regard to "termination of flight". It is en route going from one place to another. If there is a forced landing, for example, you do not say that is the termination of flight in Canada. But if you use language such as "where the aircraft lands in Canada", we do not have to interpret as to whether it is a forced landing or a landing for refueling.

Suppose a pilot has difficulty with a passenger while they are in the air over the Atlantic and he finds that he must get rid of this passenger because he is interfering with the flight. The pilot does not have to wait until he terminates his flight. He should set down at the very first airport he comes to in Canada. He therefore has landed his aircraft. I therefore think it is necessary to have this matter cleared up.

Mr. Fulton: He would therefore terminate his flight. If he put the aircraft down and it came to rest, he would terminate his flight.

Mr. Crestohl: I see no objection to using the language "if he lands in Canada" because the words "terminate his flight" do create some confusion in interpretation. I do not think the minister can give a definition here that a flight is terminated when an aircraft stops after a forced landing.

Mr. Fulton: Oh, yes.

Mr. Crestohl: When the international interpretation of these terms is given I think the minister will find that a flight is terminated when the aircraft goes from one destination to its other destination. Otherwise it is still en route; it is still in flight. Otherwise I see no difficulty in just changing these words to "if the aircraft lands in Canada".

I have another question to ask the minister in connection with subsection 3 of section 5a, which reads as follows:

(3) No proceedings shall be instituted under this section where the accused is not a Canadian citizen—

And so on. I point out to the minister that we have jurisdiction over people in Canada once they are landed here. Even though they are not yet citizens of Canada we have jurisdiction over them. You may have a man travelling on a certificate of identity. He may be, for example, a stateless person and be travelling from Europe and back on a certificate of identity. He is not a citizen, but if he commits an offence in Canada we have jurisdiction over him. Why should we not have jurisdiction over him in the same way that we have jurisdiction over a Canadian citizen in flight?

Mr. Fulton: We have, but we have put in as a precaution that the consent of the Attorney General of Canada must be obtained. We do not say that we have no jurisdiction in section 5A. We are merely saying that it shall not be exercised without the consent of the Attorney General of Canada so questions of dual jurisdiction can be resolved. We are not abandoning jurisdiction.

Mr. Crestohl: I interpreted this legislation as seeking to take jurisdiction over someone over whom we have no jurisdiction in Canada at all. We have jurisdiction over a person who has landed. Supposing in flight there is a foreigner on that plane. We have no jurisdiction over him.

Mr. Fulton: We will have with respect to offences committed on the aircraft if the flight terminates in Canada and if this bill carries.

Mr. Crestohl: Then we have to apply to the Attorney General of Canada for permission to prosecute him, because otherwise we have no jurisdiction over him. But we have jurisdiction over a person who has landed.

Mr. Fulton: That is not correct, Mr. Chairman. If this bill passes we will have jurisdiction over him with respect to trial for an offence he has committed. It is only in order to proceed to trial that you require consent of the Attorney General of Canada if he is not a Canadian citizen; but that does not alter the fact that if the bill carries we will have established jurisdiction to try him for an offence.

The Chairman: Shall clauses 2 and 3 carry?

(Translation):

Mr. Eudes: Mr. Chairman, just a word about section 3 of Bill C-58 which adds to the Criminal Code a new section, i.e. 5a, dealing with offences committed on aircraft while in flight, and with the matter of jurisdiction regarding such an offence.

Now section 419 of the Criminal Code already deals, in the chapter on "special jurisdiction", with the jurisdiction applying in respect of an offence committed on "water between jurisdictions", or during a journey on a ship or in an aircraft while in flight.

It would seem to me more logical that the new section 5a be nearer to section 419, as both deal with closely interconnected matters. I find it hard to understand why the new section 5a is placed between sections 5 and 6.

Section 5 of the Criminal Code deals mainly with the presumed innocence of the accused and with the punishment that can be imposed on those convicted of an offence.

Section 6 of the Criminal Code, chapter 51 of the Statutes of Canada, decrees that the provisions of this legislation apply throughout Canada, with two exceptions.

It therefore seems to me that section 5a would be better placed near section 419. To my mind, this could only improve the sequence of the numerous sections of the Criminal Code, which are surely not too clear already.

(Text):

Mr. Fulton: The reasons the proposed new section is placed where we suggest, namely following the present section 5, are two in number. In the first place my hon. friend will see that the present section 5, subsection 2 of the Criminal Code states as follows:

(2) Subject to this act or any other act of the parliament of Canada, no person shall be convicted in Canada for an offence committed outside of Canada.

We thought it was logical for us to place in the code immediately following that section this new section which shall create jurisdiction to try persons for an offence committed outside of Canada. That seemed to be the logical place to put it.

The second reason is this. If my hon. friend will consider the matter I think he will realize that section 419 deals exclusively with offences committed within Canada, and it is only a question of jurisdiction in effect as between the provinces of Canada in that regard. That is with respect to offences committed within Canada itself. However, the clause we are now discussing deals with offences committed outside of Canada. For both these reasons it seemed that the logical place to put this section would be immediately following section 5 of the code, particularly because of the provision of section 5 (2).

Mr. Aiken: There is one point that troubles me about this definition of "in flight". Perhaps the minister can clear it up for me. In relation to the high seas, the commander or the master of a ship has always had jurisdiction to act. I understand that this is a somewhat parallel situation. What bothers me is this. What jurisdiction will the parliament of Canada have to enact criminal legislation with respect to persons who may be in flight but are still within the confines of a foreign country?

Take the example of an aircraft setting off from Paris on a non-stop flight to Canada. An offence takes place while the aircraft is still within the confines of France. Normally international space between two countries is a void which legislation must cover, and I think it can be covered; but I wonder if there has been any international treaty or understanding as a result of which jurisdiction may be conferred between one point and another even though one of those points may be within the physical confines of another country. It follows that if we attempt to enact criminal legislation applying to aircraft within a foreign country, such other country may attempt to enact similar legislation applying to Canada. This troubles me, and I should like to have the situation clarified.

Mr. Fulton: The difficulty is that there is no international agreement, treaty or convention covering offences or crimes committed on aircraft while aircraft are in flight. That is why we are here taking what is admittedly unilateral action; it is because we realize that there is a gap in our law with the results I described in my statement made the first thing this morning. In order to cover the whole area, we wish to correct this omission. We say that Canada shall have jurisdiction to try a person for an offence committed on an aircraft whose flight terminates in Canada if that offence was committed while the aircraft was in flight, and by the words "in flight" are meant the point when the plane began to move under its own power for the purpose of take-off until it comes to rest.

I agree that if a person committed an offence while the aircraft was still running along the runway for the take-off, say in France, that would be an offence for which the person could be committed for trial in Canada if that aircraft landed in Canada with that person still aboard, even though the

offence was actually committed while the aircraft was in touch with the ground in another country. But it is clear that if the pilot of the aircraft, becoming aware of the fact that an offence had been committed, instead of continuing his flight and landing in Canada turned around and had the man arrested and dealt with according to the laws of France, there would be no attempt on the part of Canada to assert any jurisdiction.

We have to make this law as far-reaching as we do in this amendment because of two possibilities; first, that the pilot may not find out that the offence has been committed until he is well on his way, and then decide to continue to Canada. And if we did not take responsibility for jurisdiction there would be nobody able to arrest or try the person concerned when the aircraft landed; he would be able to walk off scot free. That is one reason we have made the law extend so far back as the moment the aircraft begins to be in flight.

The other difficulty is the problem of knowing or establishing exactly where an offence takes place. If it is committed over the Atlantic, or at any time in flight, who is to say whether in fact the aircraft had passed the boundaries of France, or was perhaps crossing over Spain, or whether it had passed the coast of France and was crossing over open sea? For these reasons we extended our jurisdiction right back to the point where the aircraft commenced to move under its own power for the purpose of take-off. The important thing to remember is that if the aircraft returns to the point from which it took off and if the man is arrested and there is a law under which he can be dealt with, Canada would not quarrel with the right of the foreign country to bring him to trial. But we have to take some action along the lines I have indicated.

Mr. Aiken: I have no quarrel with this effort to take unilateral action, because I think in many cases it is necessary to take unilateral action. My only concern with regard to this matter is whether it may become a source of international difficulty if we are to avoid actually determining where an offence took place. I admit that it is difficult, especially if an offence was not discovered until the aircraft was about to land, to determine whether at the time in question the aircraft was over, say, France or over the high seas. What I am worried about is whether there may be consequences to Canadian citizens from this effort to invade the confines of foreign countries with our criminal legislation.

Mr. Fulton: I think I have to admit that there may be complications of the nature described by my hon. friend, but we think the risk of these difficulties is worth while taking. First, we do not think it is a very great risk and, second, we think it is worth while taking in order to block this serious gap. Moreover, I would point out that we have taken steps to minimize the danger of difficulties by the provision made in clause 5a (3), which says:

> No proceedings shall be instituted under this section where the accused is not a Canadian citizen without the consent of the Attorney General of Canada.

Thus if a situation arises where a foreign country wishes to exercise jurisdiction over an offence, and has a law under which the person can be tried, and the person concerned is a citizen of that country, then we can take steps to return him to his own country for the purpose of having his case disposed of there.

Mr. Spencer: I do not wish to delay the passage of this legislation but I do think that when enacted it should be clear and free from doubt. I think there is a good deal to be said for the views expressed by some of the hon. members who have addressed themselves to this clause. As I understand it, the intention is to give the courts of Canada jurisdiction in the case of aircraft which are not registered in Canada under the Aeronautics Act where an offence is committed on such aircraft while in flight, those flights terminating in Canada.

Now if we wish to interpret the words "flight terminated in Canada" I think we should all agree at once that if a flight is not scheduled to terminate in Canada it would not come within the meaning of that clause; because if we look at the schedules of air line flights we will see that the flights are numbered and that flight No. so and so will originate at a certain place and end at a certain place. In between those two places there may be stops. But when you board a plane numbered, say, flight 46, that flight runs from point A to point C, stopping at stop point B, and in my opinion that flight does not end until the plane reaches point C.

As I understood the minister he was of the opinion that the flight was considered to be terminated when the aircraft came to rest, whether at the end of the scheduled flight or not. The intention of subsection 4 seems to be to put an interpretation upon the words "termination of flight" which one might not gather from the ordinary use of those words, and when we come to read this provision we find that the aircraft is in flight from the time it first moves under its own power for the purpose of taking off until the moment it comes to rest.

I point out that what I think leads to doubt and ambiguity is the addition of the words "at the end of its flight". Why not

stop after the word "rest"? If we want to make it clear then surely the flight is deemed to terminate when the plane comes to rest. Why complicate it by adding the words "at the end of its flight"? This again raises the question, what is the end of the flight? I believe we create ambiguity in this way. I suggest it would be clear if the words "at the end of its flight" were deleted. If it were to read "—the moment it comes to rest and when it so comes to rest that flight shall be deemed to have terminated" it would be clearer although I do not think the flight would actually have terminated under the ordinary interpretation of the word "flight".

Mr. MacLean (Winnipeg North Centre): Mr. Chairman, I think the hon. member for Essex West has hit the nail on the head, and I should like to support what he has said. Although the minister interprets this in his own way it might be interpreted in another way by the courts. I believe the words "at the end of its flight" should be deleted to remove the ambiguity.

Mr. Fulton: Mr. Chairman, I think there is unnecessary concern over these words but we have been considering this since the point was raised, and as it stands at the moment I am inclined to agree that although the meaning would not be clearer it would be no less clear if the words "at the end of its flight" were deleted so the subclause would then read:

> For purposes of this section and paragraph (30) of section 2 an aircraft shall be deemed in flight from the moment the aircraft first moves under its own power for the purpose of taking off until the moment it comes to rest and when it so comes to rest that flight shall be deemed to have terminated.

If the committee would give me a moment I will prepare an amendment accordingly and ask one of my colleagues to move it.

Mr. Crestohl: Would the minister look at paragraph (b) of section 5a where it speaks about the termination of the flight and cover that as well? I was under the impression that when we speak about having jurisdiction we should have jurisdiction over all aircraft that land in Canada. As I said before, there may be a forced landing in Canada. As long as a plane lands here and an offence has been committed I think we should have jurisdiction.

Mr. Fulton: I have now prepared an amendment which I would ask my colleague the Solicitor General to read.

Mr. Balcer: Mr. Chairman, I move:

> That subsection 4 of section 5a, as contained in clause 3 of the bill, be amended by deleting the words "at the end of its flight" where they occur in lines 27 and 28 on page 2.

[Mr. Spencer.]

Mr. Godin: Mr. Chairman, I fail to appreciate what we would accomplish by this amendment, because the doubt that will be raised in the judge's mind is based on the fact that the common usage of the word "flight" means something other than a lap in a schedule. We speak of a non-stop flight, a two-stop flight, and a refuelling stop only flight. Of what assistance will this amendment be to a judge who wants to know whether the flight has been terminated if he feels that the flight, as the word is interpreted by common usage, means the flight to Los Angeles, for example? The change we are making gives no guidance to the judge or magistrate as to whether the coming to rest of the aircraft indicates the end of the flight. If as suggested by other hon. members the flight from Germany to Los Angeles is the complete flight, the judge would not consider that the terms of this clause specifically state that the flight has been completed until the airplane has arrived at Los Angeles.

Hon. members may say there is no problem arising out of the use of the word "rest". I say there may be a dispute about the significance of that word in relation to the landing of an aircraft, and especially in reference to a trans-Atlantic flight. When does the airplane actually come to rest? That could be solved by referring to an aircraft coming to a complete stop in Canada. That would solve the problem. We would still use approximately the same words; and if common usage indicates that the end of a flight, as that phrase is used by people who are involved in preparing advertisements and talking about aviation transportation, refers to the aircraft arriving at Los Angeles the meaning would be clear. There is no point in saying that we will strike out the words "at the end of its flight" and leave in the reference to the plane coming to rest. The judge might state that he would not consider that the flight had terminated until the plane arrived in Los Angeles, and that he would attach no significance to a plane coming to rest at a refueling stop in Winnipeg.

Mr. Fulton: Mr. Chairman, I think I can assure the hon. member that the courts will not interpret the Criminal Code by reference to advertising slogans. They will give the words, as the interpretation rules lay down, the ordinary accepted meaning of those words unless there is something in the statute which indicates clearly that the words do not have their ordinary meaning. Therefore I can assure my hon. friends that the judges will look first at subsection 1 of proposed section 5A and they will see that it seeks to establish jurisdiction over everyone who on an aircraft registered in Canada, while the aircraft is in

flight, or on any aircraft while the aircraft is in flight if the flight terminated in Canada, commits an offence. Then they will come down to subclause 4 and say, "Now, we find that 'in flight' is defined". How is it defined? It is defined as follows:

For purposes of this section and paragraph (30) of section 2 an aircraft shall be deemed in flight from the moment the aircraft first moves under its own power for the purpose of taking off until the moment it comes to rest—

Now, how anything could be clearer than that I do not know. "Comes to rest" has the ordinary meaning of "stops". An aircraft moving is not at rest; therefore the flight is not terminated until the aircraft comes to rest. And "being in flight" is defined as covering the period from the time the aircraft first moves under its own power for the purpose of taking off until it comes to rest. I see no difficulty with these words at all. I am quite certain that I am on safe ground in assuring my hon. friend that the courts will have no difficulty with these words.

Mr. Godin: Let us take this example. A plane from Mexico comes to Canada on a scheduled flight. The plane has to fly over Kinross, Michigan, and as it passes near Detroit a crime is committed. It stops for fueling in Kinross and it lands at Montreal or at some other Canadian spot. Where is the jurisdiction granted by this code? Let us say that both the accused and the person aggrieved are Canadians and they would like to benefit from this amendment to the Criminal Code; where are the rights of the parties?

Mr. Fulton: The crime is clearly committed in the United States and the United States has jurisdiction. In those circumstances we are not trying to assert that Canada has jurisdiction; we are not making that attempt at all.

Mr. Godin: The United States may not have such a law and they may not have jurisdiction to try the case at Kinross, but still the crime would have been committed and certainly it is the kind of thing that should be covered.

Mr. Fulton: Surely my hon. friend knows that each state has jurisdiction to try persons for crimes committed within its territorial limits. The hon. gentleman has just pointed out to me an example of a crime clearly committed within the United States. The plane stops in the United States after the crime has been committed. We would not attempt to assert any jurisdiction.

Mr. Carter: The use of the word "first" there complicates things because it does not describe what actually happens when a plane takes off. A plane will be drawn up near the airport. It will take on its passengers and then it will move. That is the time it first moves. It will move down the runway and come to rest and wait for orders to take off. From the time it first moves to the time it comes to rest is when it is moving from the passenger terminal down to the runway in preparation for take-off. That is the point. According to this definition—

Mr. Fulton: That is exactly what we intend.

Mr. Carter: Then it would apply only to what happens from the time it first moves, but it is still on the ground from the time it first moves from the terminal down to the runway.

Mr. Fulton: That is correct, and that is what we intended to cover.

Mr. Carter: Not when it is in the air?

Mr. Fulton: Oh, yes, a crime committed while in the air.

Mr. Carter: The flight is terminated. The plane is still on the ground. If you are going to insist on keeping the word "first", then it will apply while the plane is on the ground.

Mr. Fulton: The point my hon. friend raises would not have been of importance had we not agreed to take out the words "at the end of its flight". I think that is why we put those words in; therefore we had drafted better than we realized when we agreed to take them out.

Mr. Chevrier: You had better put them back in.

Mr. Fulton: I suggest that this clause stand until we can reconsider it to see if we find any better or clearer drafting, or if there is any need to take out those words, and I will report back to the house later on.

The Chairman: Clauses 2 and 3 will stand.

On clause 4—*Bail.*

Mr. Woolliams: I should like to speak on clause 4 because I believe that freedom and liberty are the most important civil rights in our democratic way of life. I thank the minister for bringing in this amendment. I would like to give an illustration of why I think this new clause should be added to the Criminal Code. As the minister knows, there is a distinction between a judicial act and an administrative act. Last fall I had occasion to have some correspondence with the minister about some farmers in Saskatchewan who were charged under the Saskatchewan liquor act. They were arrested on

Saturday and refused bail until Monday, on the ground that the R.C.M.P. and the magistrate there held that it was illegal to grant bail on Sunday. Those particular farmers were charged with an offence and found guilty by the magistrate. When the case was taken to the district court to be tried de novo they were acquitted.

There was some ambiguity as to whether bail could be granted in Canada on Sunday. The court of appeal of Nova Scotia has held that since you can arrest a person on Sunday you can lay a charge on Sunday, you can grant a warrant for an arrest on Sunday, and of course the party arrested could be granted bail.

I want once again to thank the minister for bringing in this amendment because now it is certain; we are sure that bail can be granted on Sunday in Canada to those people who may be arrested on Saturday, so they will not be held over until the next Monday.

Clause agreed to.

Clauses 5 to 10, inclusive, agreed to.

On clause 11—*Obscene.*

Mr. Chevrier: One o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire from the acting leader of the house what the business will be for Thursday, Friday and Saturday. I wonder whether he can indicate what it will be on Monday as well?

Mr. Fulton: I am afraid I am not in a position to do that. My understanding is that the business for Thursday will be estimates, as the house leader indicated.

Mr. Chevrier: Defence and defence production?

Mr. Fulton: I believe that is correct. That still stands, and if there is any change I will see that the hon. gentleman is notified immediately. I am not aware of any change having been made. If, for instance, we are to take legislation tomorrow instead of estimates I will notify my hon. friend and the C.C.F. party at once. I do not think there is any change in that indication.

Mr. Chevrier: The minister cannot give any indication of the business for Monday?

Mr. Fulton: I am sorry, no.

At one o'clock the house adjourned, without question put.

HOUSE OF COMMONS

Thursday, July 2, 1959

The house met at 11 a.m.

(Translation):

ESTIMATES

FIFTH REPORT OF STANDING COMMITTEE

Fifth report of standing committee on estimates.—Mr. Smith (Calgary South).

(Text):

ROYAL VISIT

PRINTING OF SPEECHES OF HER MAJESTY AS APPENDIX TO "HANSARD"

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house, I should like to suggest that the speeches delivered by Her Majesty yesterday, one to the nation by television and the other on the dedication and unveiling of the commonwealth air memorial, be printed as an appendix to today's *Hansard.*

Mr. Speaker: Is it the will of the house that the speeches of Her Majesty be printed as an appendix to today's *Hansard?*

Some hon. Members: Agreed.

[*For text of speeches above referred to, see appendix*]

TRADE

URANIUM—ANNOUNCEMENT OF SIGNING OF AGREEMENT WITH JAPAN

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, hon. members will recall that on March 3 of this year the late secretary of state for external affairs informed the house that formal negotiations were about to begin with the government of Japan for a bilateral agreement on the peaceful uses of atomic energy. I am happy to announce that these negotiations have now been successfully concluded, and I accordingly table for the information of the house copies of the agreement, together with certain related documents, all of which were signed earlier this morning by the ambassador of Japan and myself acting on behalf of our respective governments.

The agreement is the fourth of its kind so far concluded by Canada. It will make possible the exchange of technical information and the provision of equipment and materials including uranium. The protocol attached to it stipulates that its provisions shall apply to any source material that may be supplied from Canada to the Japan atomic fuel corporation as authorized by the government of Japan, after the date of signature of the agreement but prior to the entry into force of the agreement itself.

It is the hope and intention of the two governments that this agreement will provide the framework for mutually beneficial cooperation between Canada and Japan in the development of the peaceful uses of atomic energy and the wider utilization of the many benefits which it is capable of bringing to the peoples of both countries.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure the house will welcome the news of the signing of this agreement, the negotiation of which has been going on with Japan now for a great many months. It seems to me, Mr. Speaker, that it is of the greatest possible importance to negotiate agreements of this kind with foreign governments to protect and advance, among other things, the exporting interests of the uranium industry of Canada. It is particularly important because of the fact that the United States has been successful in making bilateral agreements with different countries on terms which are going to make it very difficult for Canadian producers to compete because the United States, as part of the agreement, can supply reactors to the countries concerned of a type which will be tied to the use of uranium from the United States. Therefore that is only one reason why we welcome the news of this particular agreement with such a very important Pacific country as Japan.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group, knowing the attitude of the Japanese government and the Japanese people toward the uses of these sources of energy, is very pleased with the minister's announcement. This is a constructive development and will provide a market for Canadian uranium that we can develop in good conscience.

NORTHLAND NAVIGATION COMPANY

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Labour. Can the

Minister of Labour give any further information relative to the strike involving the Northland Navigation Company of Vancouver; and has his attention been drawn to a statement by Mr. Greaves, president of the marine engineers, that the seafarers international union has imported 15 musclemen, commonly known as goons, from the United States to violently influence the situation in Vancouver?

Hon. Michael Starr (Minister of Labour): Yes, Mr. Speaker, I am in receipt of a telegram from Mr. Greaves, the president of the marine engineers. The situation in the dispute between Northland Navigation Company and the national association of marine engineers is as follows. The company obtained a court injunction against picketing being carried on by the national association of marine engineers in pursuance of the strike declared by the marine engineers against the company. The injunction was to be effective until the decision of the Canada labour relations board was given on the application for revocation of certification granted to the national association of marine engineers as bargaining agent of engineers of the company.

It is understood that this application for revocation of certification is sponsored by the seafarers international union. The Canada labour relations board has reserved its decision until it meets on July 7, next week. The international longshoremen's and warehousemen's union has been observing the picket lines of the national association of marine engineers. The company, it is alleged, has employed men supplied by the seafarers international union to load and unload its vessels.

Following the lifting of the picket lines as a result of the court order the international longshoremen's and warehousemen's union members attempted to resume work but were not rehired by the company. They therefore established their own picket lines and the company has obtained an interim injunction that can be appealed within 24 hours.

The company has taken the position that it no longer employs longshoremen, having contracted out such work to another company. The telegram this morning alleges that the seafarers international union has imported persons from the United States to take over longshoremen's operations. These allegations are now being investigated. The charges that are made by Mr. Greaves in the telegram as to the importation of persons from the United States are being investigated by the Department of Citizenship and Immigration.

Mr. Winch: May I ask a supplementary question of the Acting Minister of Citizenship and Immigration, in the absence of the minister. If as a result of the investigation it is found that importees have been brought in to influence the situation in Vancouver, will they be deported?

Mr. Speaker: I think the hon. member might reserve that question until it has ceased to have a hypothetical character.

Mr. H. W. Herridge (Kootenay West): I should like to ask a supplementary question of the Acting Minister of Citizenship and Immigration. How is it possible under our law and regulations for 15 goons from the United States to enter Canada to support the illegal activities of the seafarers international union?

Hon. E. D. Fulton (Acting Minister of Citizenship and Immigration): As has been stated by the Minister of Labour, the allegation that there has been such importation is being investigated, and until the Minister of Citizenship and Immigration has the facts it is impossible to answer that question.

[*Later:*]

Mr. Herridge: I should like to ask the Minister of Transport a belated supplementary question. In view of the fact that the Northland Navigation Company receives an annual subsidy of $294,000 from this government, and in view of the fact that the marine engineers were under the impression that public money was being used to import these goons, would the minister make inquiries as to what is really happening from the company's point of view in this situation in Vancouver?

Hon. George H. Hees (Minister of Transport): I think my colleague the Minister of Labour has this matter well in hand, and he is making inquiries.

Mr. Winch: May I ask a supplementary question of the Minister of Transport. Can he inform the house if, in the event of an industrial dispute, the annual subsidy is continued?

Mr. Hees: I think that comes under the heading of a hypothetical question.

Mr. Winch: You know whether or not you are paying it, don't you?

SHIPPING

LAKE HURON—INQUIRY AS TO SINKING OF S.S. "MONROVIA"

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to address a question to the Minister of Transport of which he has had informal notice. Can the minister give us

any information on the collision in lake Huron last week which resulted in the loss of the Liberian ship *Monrovia,* and can he indicate whether or not this ship carried either a United States or Canadian pilot?

Hon. George H. Hees (Minister of Transport): I have not received the details of this collision, Mr. Speaker, but so far as I am aware neither ship had a pilot on board.

PUBLIC BUILDINGS

NATIONAL LIBRARY—INQUIRY AS TO COMMENCEMENT OF CONSTRUCTION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Public Works. In view of the great interest of Canadians in the provision of a national library, can the minister say when the construction of a Canadian national library is likely to be commenced?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, this is one of the buildings to be built in Ottawa which has been under very active consideration. It had been hoped that work could be commenced this year. The hon. member will have noted that there is no item in the estimates for 1959-60 for this particular building. I am sure we are all hopeful that this building can be erected in the very near future.

Mr. Argue: Could I ask the minister whether, by that statement, he means that construction cannot begin this year, or would the minister consider an item in the supplementary estimates?

Mr. Green: I am afraid that construction cannot begin this year. I point out to the hon. member we have been busy building post offices all across Canada, for example one in Radville, in the hon. member's own constituency. We cannot construct all these buildings at once.

Mr. Argue: I wonder if the minister would not agree that there are enough people unemployed in the country to build the national library?

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Have any steps been taken as yet to demolish the buildings that are now on the site of the proposed national library?

Mr. Green: If I recall correctly, temporary building No. 1 is on at least a portion of the site for the national library and, as the hon. member knows, when the Jackson building was severely damaged last fall it was necessary to move several branches of different departments into temporary building No. 1.

Mr. Pickersgill: It is still being occupied?

Mr. Green: I think so; I have not looked at it recently.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO COMMUNICATION FROM QUEBEC ON CONFERENCE AGENDA

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Finance. Has he yet received from the Quebec government any answer to the agenda or comprehensive report which he sent out to all the heads of delegations in connection with the conference?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker. I have made inquiries since yesterday and I am informed that no specific reply has been received in that respect.

CANADIAN NATIONAL RAILWAYS

ST. JOHN'S, NFLD.—REQUEST FOR INCREASED HOTEL ACCOMMODATION

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): I should like to direct a question to the Minister of Transport. In view of the inadequate hotel accommodation in St. John's, Newfoundland, will the minister urge the Canadian National Railways to enlarge the Newfoundland hotel at St. John's?

Hon. George H. Hees (Minister of Transport): I shall be glad to pass on to the management of the Canadian National Railways the hon. member's suggestion.

(Translation):

PARLIAMENT HILL

INQUIRY AS TO SINGING OF "O CANADA" DURING CEREMONIES

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I should like to ask the Secretary of State a question concerning the trooping of the colours ceremony which took place yesterday in front of the parliament buildings. I would like to know why neither before nor after the ceremony, the hymn "O Canada" was played?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I was not in charge of this ceremonial, and therefore have no comment to make in the matter.

Mr. Dupuis: Mr. Speaker, could the minister tell me who was in charge, and to whom I could address my request for information?

Inquiries of the Ministry

Mr. Courtemanche: Mr. Speaker, I shall consider the question as notice and answer the hon. member tomorrow.

INQUIRY FOR RETURNS

PRINTING BUREAU CONTRACTS, QUEBEC—ATLAS OF CANADA

On the orders of the day:

(*Page 5348*)

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to direct a question to the Secretary of State. Does the Secretary of State think he will be in a position to reply to my questions Monday?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker I am pretty sure that Monday the natural curiosity of the hon. member for Hull will be satisfied.

(Text):

LABOUR CONDITIONS

REQUEST FOR STATEMENT ON WINTER WORK PROJECTS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether, in view of the fact that we are approaching what looks like the end of this session, he is in a position to announce the government's winter works program in preparation for next fall and winter, or is there going to be such a program?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, that remains to be seen.

Mr. Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour if he does not think, in view of the importance of this problem, that parliament is entitled to have an answer as to whether or not the government is going to have a winter works program to meet possible unemployment next fall and next winter?

Mr. Starr: When the government, upon reviewing the situation, feels that such a program is necessary, it will announce it to the house if the house is in session at the time.

Mr. Martin (Essex East): It will be too late.

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES THIS SESSION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of Finance. Does the minister propose to introduce further supplementary estimates which would permit the payment of long and patiently awaited pay increases for federal civil servants?

[Mr. Dupuis.]

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the hon. member is well acquainted with the procedure in the house. If supplementary estimates are to be introduced they will be introduced in the house for all hon. members to become immediately aware of the fact.

Mr. Martin (Essex East): Parliament does not matter, it seems.

Mr. Hellyer: I have a supplementary question. Does the minister feel that the time has arrived when the employees of the government deserve to have an increase which would bring them in line with increases which have been obtained by employees in private industry?

Mr. Fleming (Eglinton): Mr. Speaker, when the proper time comes for an announcement on this subject or an announcement of policy on this subject, it will certainly be made and there will not be any repetition of what happened under the government of which the hon. member was a member, when the government simply dilly-dallied and did nothing about the problem and left it to their successors.

Mr. Hellyer: We gave the last increase. That was two years ago.

Mr. Fleming (Eglinton): You left it to your successors to pay for it.

(Translation):

TRANSPORT

ST. JOHNS, QUE.—INQUIRY AS TO PURCHASE OF PROPERTY

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I should like to direct a question to the Solicitor General. The hon. gentleman said yesterday that he would reply to my questions today. Is he now in a position to answer them?

(Text):

Hon. Leon Balcer (Solicitor General): Mr. Speaker, I will take this question as notice.

(Translation):

Mr. Dupuis: Mr. Speaker, as the Solicitor General is late, and as the Minister of Transport (Mr. Hees) is here, may I direct my question directly to the Minister of Transport? I should like to know whether the hon. minister has received from the city of St. Johns—and here is the question I asked him yesterday:

Has the Minister of Transport received a request from the city of St. Johns (Quebec), for the lease of a site south of Central Vermont railway bridge, at St. Johns?

I would also like to ask a supplementary question. Has the Minister of Transport been requested

by the junior chamber of commerce of St. Johns that this site be leased to the city of St. Johns rather than to private interests?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, since I was not in the house yesterday, I shall take the question as notice and answer it tomorrow.

(Text):

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

214. Departmental administration, $3,380,550.

Hon. G. R. Pearkes (Minister of National Defence): Mr. Chairman, in asking the committee for approval of the 1959-60 estimates of the Department of National Defence, I welcome the opportunity that is given for a debate on defence matters.

I would like first to pay a sincere tribute to the personnel of our armed forces, both regular and reserve. During the past year I have had occasion to visit a number of service establishments at home and overseas. Many members of this committee have also had this opportunity. I am sure I have the concurrence of all in congratulating the personnel of our armed services on the manner in which they are carrying out the tasks which have been assigned to them. As a result of their efforts and those of our allies we have enjoyed during the past 12 months a period of comparative peace; but even in such times there are many occasions which call for acts of outstanding bravery by members of our armed forces. I am sure the house will be interested to know that Her Majesty the Queen while in Canada is awarding two air force crosses, five George medals and one British Empire medal to individuals of the Royal Canadian Navy, the Canadian army and the Royal Canadian Air Force. Her Majesty is also presenting colours to the Royal Canadian Navy and to certain regiments of the Canadian army. In addition, service personnel both regular and reserve have been honoured by participating in the ceremonies taking place across Canada in connection with Her Majesty's tour.

While I realize that in the time at my disposal I cannot cover all facets of defence, it is appropriate now to make some general remarks on our defence thinking. There are a number of factors that must be considered in introducing these estimates. The requirements deemed necessary for defence today will almost certainly be outmoded a few years from now. This, of course, is not solely a Canadian problem; it is a problem facing every country today. In our endeavours to solve it we should be ready and willing to consult with our partners in Europe and on the North American continent.

We must also be prepared to take advantage of our collective agreements so we can provide a better and more lasting peace within our economic limitations. By co-operating with our allies we are able to have an integrated, balanced force among all the allies rather than attempting to have a balanced force within each nation. It has been obvious for some time that no country can stand alone or can plan its defence in isolation.

This is particularly true of Canada. Our geographic position and our varied interests require us to take part in collective defence. Therefore when planning a defence program we have to take into account many considerations, such as the changing threat which is brought about principally by rapid developments in the technological field, particularly in the area of offensive weapons introduced into the armament inventory of a potential enemy, and also the very long time required to develop and produce modern defensive weapons systems and the ever increasing costs of research development and production.

A full appreciation of the concept of modern war which might come without warning requires our forces to be trained, equipped and immediately ready for operations. Gone are the days when a protracted period of time might be devoted to mobilization and the conversion of industry from a peace to a war footing. I have discussed the threat on previous occasions, but as all our preparations are linked with the appreciation of the threat it is perhaps worth while emphasizing some of the aspects of this part of our defence problem.

The evaluation of the threat cannot be completely reliable, since development of ways and means of waging war is of necessity one of the most closely guarded secrets of any country. In fact the record shows that there has been a tendency in the past to underestimate the achievements of the Soviet union in this particular field. They have been particularly successful in concealing their intentions. However, the best assessment that we can make of the type and scale of attack against this continent is roughly as follows.

For the present and in the immediate future the principal attack against North America would be by a relatively small number of long range manned bombers carrying megaton weapons. These might well be augmented by a large number of medium bombers on one-way missions carrying nuclear weapons of varying yields. Russia might not care

if she had to jeopardize these one-way mission bombers. In the early 1960's it is expected that the ballistic missiles will have reached a stage of reliability whereby such missiles will replace the bombers as the primary means of delivering nuclear weapons on North America. However, if an attack on this continent is made in the early 1960's it is considered quite probable that a variety of weapons would be used in an effort to saturate the defences and thus deliver a devastating attack.

This kind of attack would include ballistic missiles, both long and short range, land based or from submarines, as well as other nuclear weapons delivered by aircraft. As most of the major strategic targets are situated in the United States it is more than likely that certain targets in Canada would be attacked by bombers, although the primary threat would be from the ICBM's.

It is not possible to say with any degree of accuracy when the ICBM will be available in sufficient numbers to take on all the targets in North America, or when we can completely dispense with the requirement for defence against the bomber. In other words we believe we may have to face a combination of weapons, some delivered as ballistic missiles and others from manned bombers. Thus the possibility of attacks on Canada by manned bombers may extend into the mid-1960's, although the threat, compared to the missile, would be on a diminishing scale.

The next point to mention is the lead time necessary and the risk involved in research and development of modern weapon systems. In giving evidence before a congressional committee this year the United States secretary of defence, Mr. McElroy, said:

> We are living today in an era of extremely rapid advances in science and technology. Some of the programs which appeared to have had great merit only 12 months ago, now, in view of the progress made on more technically advanced projects, no longer have the same importance or urgency.

We know that having started upon certain projects these have had to be cancelled before they were completed because of changed circumstances. From a study of research and development in the production of modern defensive equipment in the United States and the United Kingdom, and from our own limited experience, it is clear that it takes about nine or ten years to develop and produce modern, highly sophisticated defence equipment. The cost of this development and production is becoming astronomical, and there is always the risk that the end product may arrive too late, that new methods have overtaken its development or that the enemy threat has changed considerably.

[Mr. Pearkes.]

As an example of the costs and complexity of these development problems it was shown in the evidence produced before the United States congressional committee this year that the Bomarc missile has been under development for over eight years and has cost so far $1.9 billion, while some $3.7 billion has been expended on the Nike-Ajax and the Nike-Hercules missiles.

It is clear that a country the size of Canada cannot embark unilaterally on any of these long range, technical and costly development programs. We must of necessity take advantage of our position in the western alliance and be able to obtain proven equipment from our partners to meet our limited requirements, thus avoiding the exorbitant cost of development and the risk of failing to produce the weapons in time to meet the threat. Thus, we are pursuing a policy of production sharing, the details of which have already been communicated to the house by the Minister of Defence Production.

Earlier I mentioned the changing threat and expressed some doubts as to whether or not we are in a position to forecast accurately this threat either in time or in character. This dilemma is further exaggerated by the trend of future development, which indicates a much more rapid technological advance in the weapons of offence than in the defensive type. It may be said with some degree of certainty that the weapons available in the next few years can produce total destruction, but the defence against these weapons is a different story and that causes us great concern. This is one of the matters to which all members of the alliance must devote a great deal of attention.

As has already been announced, the defence research board is working with the United States authorities in solving some of these problems of defence against ballistic missiles. These are problems in relation to tracking ballistic objects in and beyond the atmosphere. Some progress has been made in the field of detection of missiles, and a comprehensive communications system is being installed to give warning of the approach of the ballistic missiles. These detection stations to which I refer are not located in Canada, although Canada is providing facilities to assist in the communication and passing on of the information. It is expected that by 1961-62 a reliable detection and warning system will be in operation on the North American continent, but this is only one aspect of the problem.

The major question to be answered is how to intercept the ballistic warhead and destroy it before it reaches its target. This is a research and development project of very great technical and financial proportions, as these

missiles will be travelling at several thousand miles an hour. The whole question of locating, tracking, intercepting and destroying the missile must be accomplished within the time of flight of the missile which may be as short as 15 or 20 minutes. The United States have given this project first priority and are putting a great deal of effort and money into a program of defence against missile attack, but it appears unlikely that a satisfactory means of intercepting and destroying the missile will be accomplished within the next few years. In consequence, there may be a period between the time when the ICBM is available to a potential enemy and the time when some defence against the ballistic missile is possible.

At present there is no defence against the missile after it has left its launching pad, and several years may elapse before such a defence is operationally practical. Therefore this gap in our joint defence must be considered most carefully in our defence planning and in the steps we are taking to ensure our survival if unfortunately we are forced into war during this interval.

In view of the consequences of nuclear war the world is perhaps approaching the stage when the use of force as an instrument of policy to settle man's differences is no longer valid. It is hoped that some means other than armed conflict will eventually be found to settle international disputes. To this end we have demonstrated our willingness to lend assistance in order to help reduce tension in potentially explosive areas, thereby preventing the exploitation of force as an instrument of policy. Our troops assigned to the United Nations emergency force and to other peace preserving teams are continuing examples of our interest in this direction.

Until general agreement on disarmament is reached, however, we must support the maintenance of an adequate deterrent to war to make it quite apparent to any would-be aggressor that he cannot use force as an instrument of policy without running the risk of devastating retaliation. It is necessary, therefore, for us to maintain our forces both here and abroad as part of the deterrent of the west. It is our fervent hope that these two primary elements of defence policy will succeed and that war will be averted. However, there is an element of miscalculation and misunderstanding that cannot as yet be removed from international relations; therefore it is prudent that these deterrent forces should be so designed that they will be of use to blunt any attack and to assist in survival.

With these observations in mind I would now refer to Canada's defence policy. This policy was set forth in the paper on defence tabled at the end of April. This paper is intended to assist hon. members during these discussions. Anyone who has read it should have a better understanding of our policy and the state of our forces. The paper is not intended to be the instrument through which major new policy is announced. During the year changes in policy and the procurement of new equipment have been communicated to the house as decisions have been reached. The effects of these decisions are reflected in the estimates now before the committee, and are detailed in the report.

The committee will be aware of some of these important decisions, all of which have been announced or referred to in the house during the past year: for example, the cancellation of the Arrow program, adoption of the Bomarc missile and related semi-automatic ground environment: the acquisition of a surface to surface missile for the Canadian army; negotiations for the procurement of nuclear weapons announced by the Prime Minister on February 20 of this year; construction of six additional destroyer escorts; plans for a tanker supply ship to increase the range of the destroyer escorts and thus enable these ships to stay at sea for longer periods of time, and the granting of facilities at four Canadian air fields for SAC refueling aircraft; the tasks assigned to the Canadian army in respect of survival operations and civil defence. Had a policy of withholding this information been followed and the first announcement given in the white paper it would indeed have been a sensational document.

The format of the report is not intended to copy what is known as a British white paper, although the latter does not always announce new policy. It will be recalled that in 1957 a so-called five-year plan was announced by the British government with regard to defence. The details of this plan were, in general, already well known in that country prior to the publication of the white paper. The British report on defence in 1958, however, had the following introductory remark:

> This paper reports the progress made in implementing that policy.

That is, the policy which had been announced a year before. Recently another British white paper announced the details of some major changes and reorganization of the British army. No such changes have taken place here because they are not applicable to our organization.

In the report that I made available in April —and it is the type of report that requires some time to prepare—I endeavoured to set forth our defence policy, to outline how that

policy was being carried out, to show the distribution of our forces and to explain briefly the estimates required for this financial year. Amidst all the verbiage that has been uttered since I tabled the report I can find but two or perhaps three points of criticism, and these all affect matters that require major policy decisions. I refer to the re-equipment of the air division in Europe, the defence against the manned bomber at home, and the defence against the ICBM of the future. I have already made mention of the problem of defence against the ICBM and I shall refer later to the defence against the manned bomber.

Hon. members will realize that a decision such as the re-equipment of the air division, involving not only millions of dollars but also our relations with our NATO allies, is not easily arrived at. At the time I tabled the report no such decision had been taken. Now, after the government has had the opportunity of hearing the views expressed by General Norstad, the supreme allied commander, Europe, and having taken into consideration many other factors including costs, I am in a position to announce that the government has decided to re-equip the air division of the R.C.A.F. The U.S.S.R. and its satellites have large, mobile and fully equipped forces deployed along the European border of Russia and in the territory between the Russian border and NATO Europe. These deployed and combat-ready Soviet forces would be capable of launching and sustaining for some time a major ground attack against NATO Europe. To prevent the overrunning of NATO Europe it would be essential to defeat enemy forces launching such an attack.

The mobility of enemy forces and the target information requirements for the effective use of surface to surface missiles, with which the allies are now being armed, clearly indicate a need for aircraft which can penetrate the area between the combat zone and the Russian border for reconnaissance and for strikes on targets of opportunity such as advancing columns of troops.

The NATO military authorities have recognized this deterrent force requirement and have requested Canada to provide a strike reconnaissance aircraft contribution. This contribution requires an aircraft capable of flying at a comparatively low altitude at great speed in order that targets on the ground, either stationary or moving, can be located and attacked. While such action would only be taken after hostile ground forces had commenced operations in western Europe, the presence of these aircraft in Europe would considerably enhance the value of the deterrent. The government, therefore, has decided to re-equip the eight squadrons of the air division, now armed with the F-86 day fighter, with a strike reconnaissance aircraft. The four CF-100 squadrons are continuing in their present role.

The F-86, although in service for a number of years, is still an effective aircraft; but if we are to continue to support NATO a decision had to be made as to the role the air division would play in the years ahead. Some two years will elapse before new aircraft will come into operational service, and by that time the value of the F-86 will have diminished in comparison with other aircraft in operation. Failure to take a decision now, therefore, would jeopardize the effectiveness of the R.C.A.F.'s contribution in the future and undoubtedly would cause serious alarm and harm to the alliance. The decision now taken is in accordance with the recommendations of the supreme allied commander and re-emphasizes the fact that Canada, as a member of the NATO alliance, intends to continue to meet its agreed commitments as we have in the past, despite the heavy costs involved.

Provided the negotiations which are being carried on with the Lockheed Aircraft Corporation can be brought to a satisfactory conclusion in respect to costs, production sharing and other contractual terms, the aircraft selected will be the F-104G, a single seater supersonic aircraft equipped with the J-79 engine. It is an advanced version of the F-104, which is now in service with the United States air force. Members of the committee will be aware that this aircraft was also selected by the Federal Republic of Germany and will come into operation with the air force of the Federal Republic of Germany at about the same time as it will come into operational use with the R.C.A.F. squadrons. In the meantime the German air force is taking into operational use the F-86. While the airframe and engine will be manufactured under licence in Canada, final details of production and costs will be announced by the Minister of Defence Production in due course.

The F-104G was selected as the most suitable after more than 20 types of British, American and European aircraft had been evaluated by the R.C.A.F. Consideration was also given to the possibility of modifying existing Canadian aircraft with a view to converting these aircraft to carry out the new role assigned to the air division. Such aircraft were developed essentially as fighter or interceptor aircraft, and were designed to engage hostile bombers at great heights. The requirements for a strike reconnaissance aircraft do not demand long range and great height, but do call for the ability to fly fast at low altitudes. The two requirements are not compatible, and it was not deemed

practical to adapt present aircraft to this new role. Past experience shows that to have attempted to design and build a new aircraft in Canada would have been prohibitive in cost and would have taken much longer to become operational.

I mentioned a few minutes ago that to understand the estimates one must know what our policy and commitments are. For the benefit of those who have not read "Defence 1959", I would quote from that paper:

> Canadian defence policy derives directly from our foreign policy and is designed to ensure national security and the preservation of world peace.

The Deputy Chairman: Order. I am sorry to interrupt the minister, but I have to advise him that his time has expired. Has the minister unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Pearkes: I continue with the quotation:

> These objectives are reached through collective arrangements within NATO and the United Nations. While the increased range of offensive weapons equipped with nuclear warheads brings the North American continent within the target area in any future war, it is realized that the defence of this area cannot be considered in isolation. The advantage in collective defence within the framework of an alliance such as NATO is that an integrated balanced force can be provided by each member nation concentrating on the provision of those elements which constitute its particular needs and can be most effectively maintained.
>
> In order to meet the objectives of the alliance and in support of the United Nations, it is the defence policy of Canada to provide forces for: The defence against an attack on the North American content; the collective defence and deterrent forces of NATO in Europe and the north Atlantic; the United Nations to assist that organization in attaining its peaceful aims.

It should be understood that since the development of offensive weapons has not been matched by comparable advances in defensive technology, effective retaliatory forces are still the best and perhaps only defence. That is part of the concept of NATO.

If the deterrent is to be effective it must contain four basic elements. The free world must have forces in being, fully trained and immediately available for action. They must be so organized as to be able to repel and counter any attack. We must also have the will to build up and maintain those forces and the determination to employ them if circumstances warrant; and the potential enemy must be convinced of the strength of our forces and our willingness to use them if required. Some of the exaggerated statements regarding the obsolescence of some of our equipment have not been helpful in that respect.

While realizing that the main deterrent to war is the retaliatory forces, we must continue to maintain a good defensive posture. For one thing, we must protect the offensive forces, such as the SAC bomber bases, from destruction by a surprise attack. Protection against such an eventuality is one of the principal roles of our air defence forces on the North American continent. The aim of the western alliance is, first of all, to deter the outbreak of war. Should this fail and an attack follow, we must be in a position to defend ourselves and to destroy the enemy's ability to continue to wage war.

I turn now to defence against the manned bomber. Despite the diminishing threat of the manned bomber in the years ahead, to which I have already referred, it has been considered sensible to maintain defences against such a form of attack on this continent. With the development of stand-off bombs launched from manned aircraft, it is imperative that the interception of such aircraft should take place as far distant from the target as possible. To accomplish this and to provide defence in depth, Canadian and United States interceptors would engage enemy bombers as far north as possible.

We are maintaining nine squadrons of CF-100 all-weather interceptors and are making arrangements so that United States interceptors can operate in Canadian air space, and consideration is being given to providing facilities so that United States aircraft may be able to operate from Canadian airfields. Those hostile bombers that succeed in escaping these defences would then be engaged by a series of Bomarc units located close to the Canadian-United States border. In other words, we are concerned with area rather than point defence. The United States are providing some point defences at their key strategic bases, SAC bomber bases, by such missiles as the Nike-Hercules.

As we are participating jointly with the United States in the air defence of North America under NORAD, it is only good sense to equip our air defence forces with similar weapons so as to permit the most effective joint operation. The United States air force, faced with the same requirement for an area air defence missile, are developing the Bomarc as a weapon so as to complement the other elements of the defence system against bomber aircraft; the radar warning system is also being developed, interceptor aircraft and the semi-automatic ground environment.

Two Bomarc B units will be stationed in Canada, one near North Bay, Ontario, and one in northern Quebec, as part of a system

protecting the heavily populated areas of both Canada and the United States. The United States air force are now engaged in establishing their portion of the over-all system stretching from the Atlantic to the Pacific, with interlocking stations. While some changes in quantities have occurred as the system has developed, the first units will soon be operational.

The cost factor in so far as Canada is concerned with regard to the Bomarc program has already been demonstrated. As the result of a cost-sharing agreement with the United States, improvements to the Canadian air defence system—and this includes additional radar sites, gap fillers for the Pinetree system, Bomarc missiles and the SAGE electronic control equipment—amount to some $125 million, of which $20 million is for the Bomarc. This represents Canada's share in the new program, the United States sharing the total cost of the program on an approximate two thirds, one third basis. This compares, as hon. members know, to the estimated cost of $750 million if the Arrow program had been continued until that aircraft was in operation. We are getting comparable defence for considerably less money.

Improvements to the air defence of Canada which have been announced include SAGE, one of whose functions is to provide instructions automatically to the Bomarc missiles and to the interceptors, be those interceptors R.C.A.F. or United States aircraft; the modification of existing radar stations to make them part of the SAGE complex; seven new heavy radar stations and a number of gap filler stations to be added to the Pinetree line. These increase materially the effectiveness of our defences. Each of the seven new heavy radars will be manned by R.C.A.F. personnel. Construction will get under way shortly at Moosonee, Ontario, and Chibougamau, Quebec. Preliminary investigations are being carried out for five western radars. When completed each station will be manned by approximately 250 R.C.A.F. and civilian personnel.

It might be of interest to hon. members to know that since the decision was made that Canada would adopt SAGE, the first unit has begun successful operation in the northeastern United States. The version of the system to be installed in Canada will be a later development; its electronic computers will make use of transistors rather than the less efficient and bulkier vacuum tubes. In order to "harden" the SAGE centres, the Canadian unit will be constructed underground.

The major threat to Canada from the sea continues to be the submarine. The Royal Canadian Navy and the maritime command of the R.C.A.F. are being organized, equipped and developed so that in close co-operation they can cope with the primary task of locating and destroying submarines. Since there is at present no means of destroying a missile once it has been launched, it is most desirable that missile-carrying submarines be kept as far from our shores as possible so that targets ashore are beyond the range of the submarine's weapons. Our ships and marine aircraft are designed and equipped for this purpose.

On each coast a maritime commander has been established who exercises unified operational control over R.C.N. and R.C.A.F. forces in his area of responsibility and maintains direct liaison with adjacent NATO and national commanders.

To improve our anti-submarine capability and to simplify logistic and training problems, the navy has transferred all the new St. Laurent class escorts to the west coast, while the Restigouche class escorts will be stationed in the Atlantic command. Of the original seven Restigouche class escorts, five are now in commission and the remaining two, *Columbia* and *Chaudiere*, will be commissioned by the end of this year. These ships, together with the Argus aircraft of the R.C.A.F. maritime command, form an effective hunter-killer anti-submarine team whose effectiveness increases as new and more advanced equipment is introduced.

To replace world war II escorts a construction program for six repeat Restigouche escorts has been commenced. Work has already started on the first of these ships, a second will be laid down this month and the remainder will follow at approximately three month intervals.

Another aspect of the defence of Canada is the survival role to be carried out by all regular and reserve forces not directly involved in operational duties in the event of war. With the advent of the ICBM we do not pretend that we can ensure a complete defence of North America. Therefore the government feels that it is prudent to give more thought and consideration to the passive measures of defence which may have to be adopted should our efforts fail to prevent war. With this in mind the regular and reserve forces have been organized for survival operations. All defence forces which are not actively engaged in repelling the attack will be trained and ready to take active measures to assist survival.

An order in council known as the civil defence order, 1959, has been approved by the governor in council and tabled in the House of Commons. This order has given the

Department of National Defence various civil defence powers, duties and functions which will provide for a system of warning the public of attack, determining location of nuclear explosions and fall-out patterns, assessing damage and casualties, re-entry and rescue. The Department of National Defence will be responsible for all re-entry operations in seriously damaged or contaminated areas. The department has also been given the tasks of providing emergency support to provincial and municipal authorities for the maintenance of law and order and the maintenance and operation of emergency communications facilities.

The Canadian army is the designated service responsible for the conduct of survival operations, and will be assisted by such elements of the R.C.N. and R.C.A.F. as can be made available for this task. A director general of survival operations has been appointed to head the army organization which will be responsible for the role which was first referred to in the defence report issued in April.

In the event of attack on Canada, communication with all parts of the country would be essential. In consequence, arrangements are being made to ensure that if the main communication facilities should be interrupted, alternative means will be available.

On September 1 the Department of National Defence will assume full responsibility for the operation of the warning system in Canada. This will involve obtaining the information from the appropriate source and transmitting the warning in the shortest possible time to provincial authorities, probable target areas, military headquarters and installations, and all segments of population likely to be affected. Warning will deal with the threat of direct attack and will also provide information on location of nuclear explosions and resulting radioactive fall-out which may follow such an attack. Detailed studies are now under way aimed at providing the fastest and most effective system within our capability.

The Canadian army has organized a number of mobile support columns within the regular army and the militia. These columns will be based on major units and training establishments in the regular army. In the militia they will be based on groups of units. Each column contains rescue companies and such other elements as will permit them to perform re-entry and rescue tasks, as well as supplying manpower for maintenance of law and order and such other internal operations as may be necessary under conditions of war. Mobile support columns will be grouped into task forces.

Rescue training sets are being issued to these mobile columns. Provision is being made for additional equipment to be provided early in 1960. Requirements for communications equipment for national survival have been established and arrangements for procurement are being made on a priority basis. The requirement for radiation detection equipment has been established. Industry, however, is as yet unable to meet the standards in all cases. Action is being taken on a priority basis to obtain suitable equipment as it becomes available, and it is expected that substantial deliveries will be made this year. Some radiac equipment suitable for training has been issued.

Detailed examination of other items of equipment normally held by the army is being carried out with a view to providing adequate scaling for survival operations for all troops involved.

National survival training was introduced to all components of the Canadian army in 1957. Since then emphasis in training has been placed on rescue and radiation monitoring. To date over 750 armed forces personnel have received survival training at the civil defence college at Arnprior and over 1,000 at the joint atomic, bacteriological and chemical school at Camp Borden. The army commands across Canada have conducted numerous courses to provide instructors in rescue operations. Twelve simulated disaster areas have been constructed for practical training of instructors, and provision is being made for an additional 21.

Army headquarters have prepared and issued training directives and provisional training instructions in all aspects of national survival training. These instructions will soon be incorporated in training manuals in both English and French. There have been numerous exercises conducted by both the regular army and the militia on national survival operations with encouraging results, and there can be no doubt that the forces have embarked on training for their new role with realism and enthusiasm.

In the context of what I have said the importance of research and development is more than ever apparent. In the present military environment and for the future, research has and must continue to have a major role in defence planning. In fact our hope of survival may well rest in the hands of the defence scientist.

The defence research board works in very close co-operation with our major NATO partners, and because of its contributions to the common pool of knowledge obtains much greater benefits than could otherwise accrue. Active projects in upper atmospheric physics,

aerophysics and explosive physics are being conducted jointly with the United States in an effort to close the gap between offence and defence in the ICBM era. The Prince Albert radar laboratory is one of the facilities being used jointly by Canada and the United States.

High priority is also being given to problems of anti-submarine warfare, particularly in the field of detection and tracking of submarines. Both the naval and air aspects of this difficult problem are being considered. The Canadian program is closely co-ordinated with the programs of the United Kingdom and the United States. It is of interest to note that the British admiralty has recently adopted a towed sonar developed by the defence research board naval research establishment.

Apart from the major problem of defence against the ICBM and the missile launching submarine, the defence research board is carrying out research in many fields which are of vital importance to defence. Many of the projects are directly allied to air defence, nuclear warfare and survival.

The enormous speed of the ICBM requires split second reaction time, long range detection and tracking. All of this is beyond the manual capacity of the human being. There is a continuing effort to develop fast, long range and automatic devices for detection, tracking and computing. These must be reliable and work at speeds far beyond those at which the human mind is capable of reacting. Operation must often be by remote control by means of electronic devices.

Electronics play a major part in a modern military force. There is a constant seeking to develop more reliable light weight devices to be fitted into aircraft, ships and vehicles to serve a host of purposes which the human has neither the time nor the resources to carry out. The human being himself is not free from development. New techniques of training are designed to develop latent capabilities which improve his efficiency and indeed his chances of survival. New and improved rations which are compact and nourishing, better and simpler methods of preparation, are being developed. Development of the large complex weapon systems of the future is not contemplated, but development of components for such systems is quite within Canadian capabilities on a co-operative basis with our larger partners.

Referring to the estimates directly, it will be recalled that the standing committee on estimates last year recommended a division of the main defence vote. That recommendation is carried out this year and there are now 15 parliamentary votes instead of one main vote, two votes for each service and the defence research board, operation and maintenance, and construction or acquisition of buildings, works, land and major equipment. Separate votes are also provided for development and mutual aid. This new structure will give parliament tighter control over defence expenditures, as transfer of funds between services will no longer be possible without supplementary estimates being brought before the house.

It might be of interest to hon. members if I furnish a breakdown of this year's estimates according to the major functions. It should be noted that the amounts shown under ACLANT are for naval and maritime forces earmarked for assignment to this NATO command in an emergency. Since these figures represent functional cost estimates, the amounts in some cases do not correspond precisely with amounts shown in the 1959-60 estimates for the particular activity. For example, the figures for reserves and cadets represent estimated total costs of these forces, whereas the estimates provide for direct costs related to personnel of these forces only.

Contributions to NATO: In so far as SHAPE is concerned, we have allocated $150 million or approximately 8.9 per cent of the total defence budget; to ACLANT, $203.5 million or 12.1 per cent; for defence of the Canada-United States region, including all army field forces in Canada, $398.8 million or 23.8 per cent of the defence budget; training forces, $227.7 million or 13.6 per cent; logistics support forces, $338.2 million or 20.2 per cent; command and administration, $102.9 million or 6.1 per cent; reserves and cadets, $53.6 million or 3.2 per cent; research and development, $51.1 million or 3 per cent; search and rescue, $11.4 million or 0.7 per cent; pensions, $58.4 million or 3.5 per cent; mutual aid, $21.8 million or 1.3 per cent; and various unallocated amounts, $62.8 million or 3.6 per cent.

In conclusion, hon. members will have noted that the total estimates this year amount to $1,680,194,006. For a country our size this is a very considerable sum and represents about 5 per cent of the gross national product and 27.3 per cent of total government spending for this fiscal year. Some critics, perhaps outside this house suggest we are spending too much. To do less would mean failure to live up to commitments we have made, and to run the risk of weakening the western alliance and invite disaster. I can assure these critics that every effort is being made on my part and on the part of the officials of the department to ensure that the funds voted are wisely spent and all extravagance removed.

Other critics complain that we are too dependent on our allies and presumably that we should spend even larger sums. To these

I say that we are in a partnership and that our partners fully appreciate our position, our sovereign rights and the efforts we are making. With the high cost of modern equipment we must weigh most carefully the advantages and requirements that can be expected before embarking upon any new enterprise or project. The criterion must be how essential is the new project or piece of equipment to the over-all defence picture. With changes taking place as rapidly as they are there is no time for hasty decisions. I place reliability of equipment before prestige weapons, and I make no apologies if I have taken some time to reach decisions. To be cautious does not mean that one lacks courage.

Still other critics have suggested different methods of spending the funds which are made available. I hope I will always be receptive to new ideas, but as no two critics in this group seem to be able to agree I can but thank them for their help and say that I prefer to rely upon the informed advice of the chiefs of staff, a group of dedicated men in whom I have great confidence.

Mr. Pearson: Mr. Chairman, I am sure the committee will have listened with the greatest possible interest to the statement the minister has just made. In expressing my appreciation of that statement I feel I should say at once that I do not believe this statement or indeed the discussion that will follow it is an adequate substitute for the kind of searching examination of our defence policy that could have taken place before a committee to which experts and witnesses could have been summoned, the kind of examination of our defence policy and planning we have not had this session and which I suggest we should have had.

It is difficult if not impossible to think of a more important subject than that which we are discussing this morning so soon after the happy ceremonial military events of yesterday associated with the equally happy occasion of the visit of Her Majesty.

Whatever it may have been in the past, as the minister has indicated in his statement, defence today is survival because war is total destruction. Defence is also to be found not only—or perhaps now not primarily—in arms, but in policy and diplomacy because the only alternative to destruction, which is world war, is peace. Perhaps we should keep clearly in our minds this morning as we begin the discussion of the defence estimates that we are discussing only one form of defence which, as the minister himself pointed out in his statement, is perhaps not even the most important form of defence because, I take it, military defence must now be subsidiary to political defence. It was possible in earlier times to associate defence with victorious war and political achievement, indeed with international security. That possibility has gone.

While I will not be able to agree with everything the minister has said there are some parts of his statement with which I am certainly in entire agreement. I am sure that every hon. member of the committee will subscribe wholeheartedly to the tribute the minister paid at the beginning of his statement to the Canadian armed forces in whose hands we have entrusted our military defence. It is in good hands, because the armed forces of Canada are efficient, devoted and loyal. I join the minister in paying tribute to the work they are doing.

For a short time I had the honour and privilege, as so many hon. members of this committee have had, of being identified with the armed forces of this country; and although my identification was undistinguished and obscure, unlike that of my hon. friend the minister, nevertheless it will always remain one of my proudest memories.

In participating in this discussion I am going to divide my remarks broadly into the following categories, all of which I may not be able to cover in my first intervention. I want to talk first about certain basic developments that have occurred in defence concepts, planning and strategy and indeed in the nature of war itself in the last few years. Then I want to discuss the nature of the threat which faces us, because it is essential to an understanding of the policies that should be adopted. This was discussed by the minister. I wish then to refer to the methods we appear to be adopting to meet, defeat and remove that threat. Finally I hope to discuss what in my view should be Canadian policy in that effort, which policy I agree, and should say so at the very beginning, cannot be dissociated from the policies of our friends and allies. In these matters there can be no isolation for us, and because there can be no isolation for us there can be no neutralism for us.

I may be critical in my remarks of some aspects of policy. I am going to suggest that there are some phases of United States defence policy which are now reflected in Canadian policy perhaps to a greater extent than before in our history which must in my mind arouse anxiety. If I am critical I hope to be critical in a constructive way. I recognize that we in the opposition have not all the facts and information at our disposal. Because of that fact we have to deal responsibly with defence questions and realize that perhaps there is information at the disposal of the government which we do not

have. It is possible that the minister will be able to deal with some of the criticisms I make and dispose of some of the questions I raise before the end of this discussion.

Since world war II and indeed, I believe, until 1957, the concept of defence policy, the nature of the threat and the means of encountering it were all based on principles and planning derived from the experience and lessons of world war II, just as we entered world war II with plans based on the experience and lessons of world war I. It seems to be the fate of man, as long as he has been engaged in war, to begin one war in accordance with the methods which may have been successful in the previous one but which are really not appropriate for the war in which he is engaging.

It is quite true that after world war II and even during it atomic weapons had been developed, but their use and method of delivery, I suggest up until about 1957, were an extension of earlier ideas rather than entirely new ideas in themselves; that the picture both for defence and offence was reasonably familiar and followed the general pattern of the last war; that the nature of the defence problem had not changed in essentials, even though it had certainly changed in scale and in scope.

True, the political mechanism of defence through collective security introduced in NATO was new. This is perhaps more political than military. The pooling of strength in an organization like NATO with collective responsibilities discharged by collective action planned and organized in advance was a new concept. If we had had such collective arrangements in 1939 the world might be a far better place today and we might not be participating today in this kind of defence debate. Perhaps it is just as well to remember this amidst the clamour from certain quarters that we should do away with collective security in the alleged interest of easing of tension and facilitating negotiations.

Then, Mr. Chairman, two years or so ago, in the fall of 1957, in my view the whole defence picture changed in a very fundamental way. The first satellite went into orbit from the Soviet union and the intercontinental nuclear balistic missile became a reality. An entirely new dimension of war was introduced at that time; an entirely new problem of defence was created. Perhaps this development may turn out to be even more important in warfare than the invention of gunpowder. Surely therefore, Mr. Chairman, it became of the most obvious and the most vital importance for all western countries, including our own, to re-examine the whole basis of defence policy in the light of this new situation, associated as it was with the frightening growing power and effectiveness of the nuclear weapon, perhaps the ultimate weapon.

Surely, Mr. Chairman, this was the time for the great debate, for a complete re-assessment, agonizing or otherwise. We have had such a debate extending over many, many months in the United States congress, the results of which the minister may have read in the publications that emerged from the committee hearings. I attempted to read them, and they are in hundreds of hundreds of pages by now. We have had that kind of debate at Westminster where the government in the last two white papers on defence has certainly shown its awareness of those changes I have mentioned. In 1957 the United Kingdom government in its white paper on defence said:

> The time had come to revise not merely the size, but the whole character of the defence planning; to make a fresh appreciation of the problem and the new approach to it.

The United Kingdom has done just that, especially in connection with air defence of the island. The white paper also had this to say on page 5:

> It is only now—

This was in 1957.

> It is only now that the future picture is becoming sufficiently clear to enable a comprehensive reshaping of policy to be undertaken with any degree of confidence.

I ask the question, Mr. Chairman; is there any evidence that this comprehensive reshaping of policy is required in Canada and that it is being undertaken? The minister's statement this morning, interesting as it was, does not suggest that any fundamental re-assessment, re-examination or reshaping of that kind is taking place. Now, it may well be that Canada's direct relationship to these defence changes, these defence developments of which I have spoken, does not compare in importance with that of London or of Washington. But we have our part to play in these developments, and that part is one of very real significance, both politically and militarily, even though Canada's contribution to collective defence seems very often to be ignored or merely lumped with the British or American effort.

I think we in this house should know—and I am not at all certain that we have the information from the minister's first statement —what Canada's role is to be in relation to these new situations, these new circumstances. It seems to me that all we know at present is that our role is to be dominated to a greater extent than ever before by Washington. And I say that as one who believes

100 per cent in what the minister has said, namely that we cannot do these things alone; that defence is indeed collective and that there has to be a partnership. But my quarrel with his concept of collective defence—and I shall have a good deal to say about this later—is that we are in danger of replacing the Atlantic concept of collective defence by the North American concept of fortress America.

Discussion of these matters is for us all in Canada the more important because of our collective responsibilities under NATO and, indeed, because of our essential and necessary relationship—and it is a special relationship and must by the facts of geography and economics remain a special relationship—with the United States in continental defence. That relationship has existed for about 20 years, but it has now reached, I believe, the point of almost complete integration.

Well, now, what have we had from the government in the last two years in this house to show its appreciation of these developments? I suggest, Mr. Chairman, that we have had very little. Indeed, in this present session we have had a special discussion of one aspect of defence only, made necessary by the cancellation of the CF-105. Up to the present that is all. That is in startling and depressing contrast with the United States where certainly a great debate has been going on.

The committee will recall that more than once this session and last session, inside the house and outside the house, we on this side have argued for the examination of this problem before a committee. We have not been successful in achieving that end, and as a result we have had to get a great many of our facts and the information on which to base our statements and our views from the United States, where they are really much concerned with what has happened and with what should be done about it, and where they are, as I have said, discussing it at great length in congress. A similar situation prevails in London. Here when we have asked questions in the House of Commons, very often prompted by reports in the press on defence policies and defence statements in Washington that have a very important bearing on our own policy, very often when we have asked those questions the minister's reaction has not been, shall I say, very appreciative of our interest, and some of our questions it seems to me he has not taken very seriously. I quote from the Ottawa correspondent of the *Globe and Mail* of June 13, who said:

> The Canadian defence muddle which has developed largely as a result of Defence Minister Pearkes' olympian refusal to state clearly what the problem is and what is the government's approach—

Then, Mr. Chairman, came the white paper about which the minister spoke a short time ago, from which we expected a serious analysis of some of the problems I have mentioned. We did not get it, I suggest to the minister, in that report. Canada defence policy, in the nuclear world of missiles and outer space, is not found in this white paper which, in its substance and form, follows pretty much the papers of previous years from the Department of National Defence. It does not take sufficiently into consideration the changes that have been taking place.

The minister, however, has stated—he certainly did not do so this morning, when I think he took a far more realistic view of the threat—and this is certainly not to be accepted in lieu of a defence policy, that the west "can knock the stuffing out of the aggressor". That kind of statement, Mr. Chairman, seems to me to be on a par with one that was made some months ago, as reported in the press, by an unnamed general in the Pentagon that "nuclear war will mean universal destruction but I am sure we can win it." I feel that statements and observations of that kind are no substitute for policy. Canada is now in what has been called the classic but uncomfortable position of the buffer state. Let us not become a bluffer state as well.

What, Mr. Chairman, will the aggressor be doing when we are knocking the stuffing out of him? Well, the minister gave us some pretty sobering observations on that point this morning, and I am able to quote them because he was courteous enough to let me have an advance copy of his statement just before he made it. He said:

> In the early 1960's it is expected that ballistic missiles will have reached a stage of reliability whereby such missiles will replace the bomber as the primary means of delivering nuclear weapons on North America.

This is the early 1960's.

> However, if an attack on this continent is made in the early 1960's it is considered quite probable that a variety of weapons would be used in an effort to saturate the defences and, thus, deliver a devastating initial attack.

This is the aggressor whose stuffing we can knock out, and while we are doing that he is going to deliver a devastating initial nuclear attack on us. The statement goes on:

> This kind of an attack would include ballistic missiles, both long and short range, land-based and from submarines, as well as other nuclear weapons delivered by aircraft. As most of the major strategic targets are situated in the United

States, it is more than likely that certain targets in Canada would be attacked by bombers although the primary threat would be from ICBM's.

Well, that is a pretty sobering statement of the threat that confronts us, all the more sobering because, as the minister pointed out later in his statement, there is no defence of any kind at the present time against intercontinental missiles. I repeat that there is no defence of any kind. The minister has said previously and he indicated this morning that a defence is being sought against intercontinental missiles, and I think he said in the house—I do not want to do him an injustice —in answer to a question some time ago that this is likely to be secured soon. He was a little more specific on that point when he said that the Nike-Zeus, which is the United States anti-missile missile, would be operational in the near future.

No such claim as that has been made in the United States that I have been able to ascertain. On the other hand, a recognized authority, though I admit one who holds very strong views on one side of the question, Admiral Hayward, has said that the best we can hope for in regard to defence against missiles would be 50 per cent effectiveness by 1965. I certainly hope he is wrong when he says that the best we can hope for is 50 per cent effectiveness by 1965 against intercontinental nuclear ballistic missiles.

What about our defence against bomber attack? The minister has said in the past, and he is right, of course, that some will get through. Some bombers always get through. How many would be needed for destruction?

Another example of what I call the unrealistic approach to the Canadian aspect of the problem, and which I have ventured to call bluffing in some of its manifestations, was the announcement, which has a bearing on defence matters, especially defence against missiles, that Canada will soon be launching a satellite of its own, giving the impression that we are moving into the nuclear outer space field, an impression which has very little basis in reality as we were able to find out from the Prime Minister when we questioned him about it. He admitted at that time that the satellite will be of American construction, that the propulsion will be American, that it will be launched from the United States and that it will have some Canadian instruments inside. There is no doubt that they will be important, but that hardly justifies giving the impression that we were going to launch a satellite which no doubt would be the forerunner of the kind of defence which the United States may be seeking, either by counter-offensive or by direct defensive, against intercontinental ballistic missiles.

[Mr. Pearson.]

Another example is in the way the CF-105 contract was cancelled. Perhaps this would be a good time for me to call it one o'clock, Mr. Chairman.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pearson: Mr. Chairman, at one o'clock I had mentioned the cancellation of the CF-105 contract as an indication of the lack of policy on the part of the government. We have had some time now to examine the reasons for that cancellation, and have secured more information on the way the cancellation was brought about. While I do not, on this occasion, propose to go into this matter I cannot forbear from saying that the information we have now received, and which we have had time to examine, increases our worries about the way this matter was handled.

We have had information since the first announcement, for instance, that the actual cost involved in the production of this aircraft varies from the information we received at the beginning. We were told by the Prime Minister on February 23, as recorded on page 1299 of *Hansard*—he was referring to the advice he had received from the chiefs of staff—that this aircraft would to all intents and purposes be obsolete by the time it became available for squadron service. We know now that the CF-100, which this aircraft was to have replaced and which if the CF-105 was to be obsolete would be even more obsolete, if that expression can be used, is to be retained for our home defence squadrons. We know also something about the Bomarc which is to replace two of the squadrons.

Everything we have learned, Mr. Chairman, confirms and indeed intensifies our criticism of the government on the way in which this matter was handled. This criticism was expressed in very strong terms in an article in Toronto *Saturday Night* of May 23 by one Robert Jamieson who, I take it, is a Canadian resident but only recently arrived in this country. In this article he states:

Two thirds of the workers on the Arrow came from Britain. It was Canada's business whether she went on with the Arrow, but people in Britain are accustomed to seeing their governments looking at issues in the round and working out broad solutions in the light of all probable consequences before announcing decisions. Does any Canadian seriously suggest this happened when the Arrow was dropped? I believe that the inept handling of this issue will have greater and more lasting

effect in the United Kingdom alone in deterring potential immigration than all the now notorious articles in "The People".

I should like to return, Mr. Chairman, and elaborate on a matter with which the minister dealt this morning, the nature of the threat that faces us and, after that, what defence have we against it. The main threat in terms of a major war, though not perhaps the only threat, perhaps at the moment not even the most imminent threat because we may be facing more imminent dangers than a calculated all-out nuclear invasion, but the particular threat upon which so much of our defence has to be based is nothing less than one of total nuclear destruction. I do not want to put on the record of the committee a great deal of evidence to support this, because we know it is true. Nevertheless, perhaps it is just as well to remind ourselves, on this pleasant summer afternoon, that the biggest bomb dropped in world war II carried the equivalent of ten tons of t.n.t.; that was the grand slam bomb. The atom bomb which was dropped on Hiroshima had the equivalent of 15,000 tons of t.n.t.; that is a jump from 10 tons to 15,000 tons. The first hydrogen bomb exploded in 1954 carried the equivalent of 15 millions tons of t.n.t. These figures certainly give us cause to ponder.

One of the most outstanding United States authorities in this field of nuclear development, a man who is not given to emotional statements and a very hard realist in these matters—I am referring to Dr. Teller, who had so much to do with the decision to go ahead with the hydrogen bomb—said not long ago that "50 of these bombs could make the United States uninhabitable".

I do not know on what basis these calculations are made. I know they are made by men with scientific knowledge and, I think, political responsibility. The office of civil and defence mobilization of the United States, before a committee of congress, said the other day it estimated 49 million people of the United States would be killed in a hydrogen bomb attack of the kind of which the Soviet was now capable. General Partridge, who is well informed on these matters, and who incidentally is an officer of Canada as well as the United States because he is commander of the North American air defence command, told a house of representatives subcommittee on defence: "If the enemy launches an all-out attack against us I think we must be prepared to accept casualties in the millions".

Surely this is sufficient evidence that the only potential enemy of this country has the capability for such an attack, and makes all our references to defeating him and knocking the stuffing out of him in a nuclear attack seem rather meaningless. What form would this attack take if it ever were permitted to develop? What is the particular nature of the threat? Again I return to General Partridge's evidence before the United States congressional committee last February and I quote from it. He said this:

> At the present time the Soviets can attack us only with bombers. We do not think they have any operational intercontinental missiles.

This was last February, but only the other day the secretary of defence of the United States amended this statement and gave evidence to the effect that it was the view of the defence department of the United States that the Soviet would have ten of these missiles before the end of this year. That is quite a change from General Partridge's statement of last February. But General Partridge in his earlier statement went on to say this:

> We think that in the future they—

That is the Soviet.

> —will reduce the numbers of bombers in their inventory.

That is something the minister has confirmed in his statement in this house.

> Our national intelligence estimates are that they will improve the quality of those bombers, and that in a few years they will have a supersonic rather than a subsonic bomber force. This means that we must not only maintain the defences against bomber attack which we have today but we must also improve those defences so we can counteract a supersonic attacking force.

In other words, there will be a mix in attack of bomber and missile. According to General Partridge there must therefore be a mix in the defence. But that mix is obviously changing in favour of intercontinental missiles against which, as I ventured to say this morning and as the minister confirmed before I spoke, there is now no defence. Senator Russell who, I think, is the chairman of the senate armed services committee, speaking in Washington a few weeks ago said this:

> If the Russians attacked us tomorrow—

This is contrary to the view usually expressed.

> —it would not be with manned bombers; it would be with missiles.

While the house military appropriations subcommittee report, after a great deal of evidence was taken from a great many experts—and this is the report of May 27, 1959—concluded with this:

> During the early 1960's Russia could have three times as many intercontinental "ballistic missiles in position" as the United States.

That is one aspect of the threat, and it is a sombre enough one. But there is another

threat that the minister also mentioned this morning which surely must have an important bearing on western defence policy and on Canadian defence policy, especially naval policy. That is the threat of the submarine, of which the Soviet union now has hundreds of the more modern type and will no doubt soon have nuclear-powered submarines, though I believe there is no evidence that the Soviet possesses any of those at the present time. Admiral Rickover of the United States, who is perhaps as well informed on this question as anybody on this continent, said in his evidence before the house subcommittee, and it is in their report:

> Russian submarines can come near our coasts. They can fire missiles. If their submarines come off our coast they can drop hydrogen or atomic warhead missiles into our cities. One such missile, accurately placed, could destroy a city.

Then he added this:

> The best way we know to destroy these submarines is by other atomic-powered submarines.

I may have a word to say about that matter when I come to what I think should be our Canadian policy in this field. Then the admiral added this paragraph, which certainly has a significance for us. As reported at page 439 of the testimony he said:

> What nuclear power has really done for the polar regions—

He had been talking about the submarine in the polar regions.

> —is to make another large area of the earth insecure and bring it into warlike focus.

This is an area very much the concern of Canada. He added:

> It has been immune from war up to now, but any nation that possesses nuclear submarines can now use that area for warlike operations.

What are the nature and effectiveness of our present defences against this threat which I have outlined and which the minister outlined before me? I suggest, Mr. Chairman, that there has been a good deal of unrealistic talk about this matter, a good deal—if you like—of bluffing. The minister is reported as having said over C.B.C. television on Sunday, June 7, as follows, and I quote from the text of what he is reported to have said:

> The CF-100 was designed for and is capable of meeting the threat which the Russians now have.

I have given some indication of what that threat is. Yet, Mr. Chairman, that statement by the minister has been denied, denied by the minister himself. It was certainly denied by the Prime Minister in the statement I have just read from our debate on the CF-105, that the CF-105 would itself be obsolete before it came into squadron operation. If the CF-105 would be obsolete in those circumstances, how can we accept the view that the CF-100 is capable of meeting the threat the Russians now have? I have just indicated what I think that is.

The minister himself in this house, or perhaps it was before the estimates committee last year and repeated by me when I was quoting him in this chamber, said the CF-100 was capable of engaging the majority of Russian bombers. If the CF-100 is capable only of engaging only the majority of the Russian bombers, how can we consider the CF-100 to be an effective mechanism in the context of the threat I have mentioned? But the minister said this morning—this was something new, and I venture to bring it to the attention of the committee—that while the CF-100 squadrons would be maintained—I have not his exact words before me—facilities would be provided or provision might be made for United States interceptor squadrons to fly from Canadian air fields.

I think this is something the minister will undoubtedly want to deal with when he replies to these questions. Would this mean that men from perhaps the same Canadian bases with Canadian CF-100 planes would be asked to do the same job that the United States squadrons would be expected to do with more modern and more effective machines for that particular kind of work? Having given up the Arrow, and if the CF-100 is obsolete, is our only effective protection in the field of manned interceptors now to be United States interceptor squadrons, some of which will be flying from Canadian air fields?

Certainly I agree with the minister when he says that manned interceptor squadrons are still a necessary element in the mix of defence which the Americans talk about. Certainly the United States at the present time is apparently not giving up its development of the F-108 which is a supersonic long-range fighter; and in startling contast to the CF-100. It shows how amazing has been the development over the last two or three years. The F-108 is a supersonic long-range fighter with a speed in excess of 2,000 miles per hour designed to police the early warning line and to begin the destruction of attacking aircraft long before they reach our shores; that is to say, to begin the destruction of attacking aircraft over Canada.

That is from the testimony of a deputy chief of staff of the United States air force, namely Colonel Andrews, before the house subcommittee on April 10, 1959. This F-108 which is now in the process of development, and according to one of the senior officers of the air force, General Irvine, is as good as the Bomarc. Also he said that present bombers will be replaced in years ahead by air to surface missiles from bombers, which mean

that bombers will have to be intercepted farther out than ever if the interception is to be effective. We are told that the F-108 may be able to do this; certainly the CF-100 will not be able to do it. I repeat; are we therefore to have in the future, if we are to maintain this kind of defence, United States squadrons of F-108's flying from Canadian bases as our main protection, or are we to have Bomarcs, or are we to have both on Canadian soil?

That leads me to the consideration of this very important and controversial missile, the Bomarc. What about this ground to air missile on which we seem to be basing our defence now? A year ago, I agree the reports which reached us of the effectiveness of the Bomarc were much more impressive than they seem to be now in the light of all the information which has come from the congressional hearings in Washington. Certainly they are more effective than CF-100 against supersonic bombers, because I doubt if the CF-100 would be effective at all.

Doubts have been raised as to the effectiveness of this missile upon which we in Canada are now counting so much. There is—and perhaps this is not too strong a word—a furious controversy going on in Washington over these missiles. There is a controversy between the use of the Nike-Ajax and the Nike-Hercules which the army has at the moment, and the Bomarc B which is the choice of the air force and which is Canada's choice. But before I go on to discuss those missiles let me emphasize once again that neither of them, the Nike nor the Bomarc, has any value whatever against missiles. The evidence on that is conclusive. I made that statement this morning, Mr. Chairman, and I propose to substantiate it from evidence in Washington where they have the facts on this matter. One of the high officials of the Pentagon, General Partridge, testified before the house of representatives subcommittee, again on February 19, 1959. He was asked by a congressman:

> As of the moment you do not have any defence against ICBM's if Russia should have them and apply them to us at the moment?
>
> General Partridge: That is correct.

The congressman went on:

> The only way that you could protect yourself under those conditions would be by having a knowledge through intelligence as to when they are going to be fired, and only then, if you had adequate devices to knock them down?
>
> General Partridge: That is right.

Later in the same hearing General Partridge had this to say:

> The present system of air defence as it exists today has no capability to provide either warning or active defence against an incoming intercontinental ballistic missile.

Then he went on, and the minister echoed this this morning:

> This system must be devised; the warning portion is now being built. The active missile defences, the Nike-Zeus system must be pushed along to completion as rapidly as possible.

Then a congressman asked:

> Is it true since that has not been tried out we do not know what it would do?

General Partridge replied:

> Work is proceeding on the development equipment, research and development equipment, and it will be tested, I believe, at White Sands proving ground.

From this evidence it becomes very clear that it will be some years before these anti-missile missiles can possibly be effective, and they will cost billions, of course far beyond our financial reach if we ever get involved in this field by ourselves. Even then there are some doubts as to the ultimate effectiveness of this anti-missile missile. The assistant secretary of the air force research and development branch, Mr. Horner, testifying again on February 19, said:

> It appears to be much cheaper to launch an ICBM than it is to shoot one down.

Then he was asked by the chairman of the subcommittee:

> As I understand it, you are saying that the Nike-Zeus and other suggested ways of shooting down ballistic missiles would be so expensive that probably the better answer to the threat is the production of more ICBM's by the United States as an additional threat and deterrent against the opponent. Is that correct?

Mr. Horner replied:

> Yes, sir, that is correct.

Then he was asked to give an estimate as to the effectiveness of this missile if they did proceed with it, and Mr. Horner said:

> My reaction to that is that the defence has never been 100 per cent successful. With this tremendous advantage that the offence now has with the advent of thermonuclear weapons and ballistic missiles, it certainly becomes even more difficult to postulate 100 per cent success in defence and interception.

The conclusion of this, Mr. Chairman, and surely it has a bearing on our own policy, is that at present there is no defence against missiles, that it will be some years before any defence against them will be operational, and there is not likely ever to be complete defence against nuclear missiles.

Then what about the other form of defence which, according to some, is the best defence against the more immediate threat? What about missile defence against bombing planes? That brings up, of course, the controversy between the Nike and the Bomarc. The Nike, as the minister pointed out this morning, is an army short range, but operational, ground

to air missile for what he called "point defence". The Bomarc is for "area defence"; it has a longer range than the army missile. When we were talking about Bomarcs a year ago we were presumably talking about what is now known as the Mark A, though at that time—the minister will correct me if I am wrong—there was no distinction made in our discussions between one type of Bomarc and another type. We assumed there was only one type.

The Mark A, which we were considering a year ago, has been tested only against subsonic targets, and even at limited range and height those tests were only partially successful and are now to be discontinued because this particular weapon is to be discontinued in favour of what is now called the Mark B, which the minister now says is the only Bomarc weapon we ever had in mind for Canada's weapon. It is a solid fuel booster missile, having solid fuel booster rockets for take-off. It has had one test on May 26 against a subsonic, not a supersonic, target; and the test was, we are told, inconclusive.

I do not know whether the minister has had the opportunity to read the testimony given to the House of Representatives subcommittee on the Bomarc weapon, especially the questions asked about this matter by Representative Flood of Pennsylvania. This is what he said, and it is interesting in light of the conclusions the committee came to later with regard to this weapon. He said:

> The army had Nike-Ajax. They had Nike-Hercules. Immediately the air force had to have something. They couldn't have that going on. Somebody thought up Bomarc. This was in the early days. Colonel, now you have Bomarc A. You took one shot at one drone at . . . feet and it worked. That is all you have done with Bomarc A at that altitude.

Then he went on:

> Here is Bomarc A, the great air force unmanned interceptor. It takes one shot at one pigeon at . . . , it hits, and that is the end of that. You buy it, and we are in procurement. But now you are through buying A's, are you not?

And the colonel to whom he was addressing the question said yes, they had dropped it in favour of Bomarc B. Then Mr. Flood asked:

> How many B's have you tested at 400 miles?

The colonel said:

> I don't know, sir.

Mr. Flood then went on to say:

> So you will scrap A because you have a better one, B, solid fuel, which you have not tested against anything. Yet you are going to buy it because there are a few little gimmicks here and a few little gimmicks there, and you know from experience that since this concerns only the booster solid fuel, and you have had great experience with boosters and solid fuels on aircraft and all that, all these things being equal you are firmly convinced you should stop buying A which is no good anyhow, after $2 billion, and go into B which you know nothing about except as our logic and experience indicates. That is Bomarc B and Bomarc A for over $2 billion.

That was testimony given this spring in Washington. The Senate armed services committee report of May 24, after discussion on the same subject—and no doubt this paragraph is familiar to the minister—had this to say:

> The untried Bomarc will be becoming operational—

At least two years away. I continue:

> —in the air defence picture at a time when the major emphasis should be on anti-missile defence.

All this means is that the value, effectiveness and timing of the Bomarc—the Bomarc B, if you like—is now under serious attack in the United States, and as a result of that attack the administration has agreed on a compromise between Bomarc missiles and Nike missiles and anti-missile missiles, as a result of which the amount to be spent on our weapon, the Bomarc, is to be reduced by $925 million over the next five years.

I am informed that its bases in the United States are to be reduced from 30 to 16. Senator Symington, who is a defence critic in the Senate and who was once secretary for air, said of this compromise:

> It is merely a guarantee of further waste of billions of dollars.

In spite of United States doubts about this weapon the minister confirmed this morning that we are proceeding with Bomarc bases and SAGE installations in Canada, SAGE installations being essential, I take it, for the effective operation of the Bomarc, without waiting to see what finally happens in the United States with regard to this weapon. When we have asked the minister questions about this we have not received very illuminating replies. The minister has indicated that it is necessary to have the bases ready in case the weapon is a success even though, I suggest, we will have the information on this in lots of time to construct the bases, if necessary, before SAGE could be ready for them. SAGE, we are told, is an essential part of the Bomarc system.

The deputy chief of staff of the United States air force, General Irvine, on April 10, 1959, said that Sage would not be finished for four years. I am wondering if it would not have been good policy to have postponed final consideration of this matter and postponed the initiation of the actual construction until the situation in Washington became a little clearer.

The minister said that the development of the Bomarc B in Washington is proceeding

according to schedule though he is not quite sure, nor are we, what is the schedule. Why not have waited for a short time until this particular matter was cleared up? Canada has scrapped its own plane, the CF-105, for this unproven United States missile now so bitterly controversial in the United States. Even the minister, though he appeared very confident about the effectiveness and value of this missile in the references he made to it in the house, seems to have had some second thoughts. In a press interview in Winnipeg on June 5—the minister will correct me if this is not an accurate account of what he said—the minister is reported to have stated that the government will await the results of United States tests before a final decision is made on the Bomarc.

Does that mean that no final decision has yet been made? Is that the present situation? If so, is it not a fact that the construction of the bases has begun tying us up closely to the whole Bomarc-SAGE system? It means that we are tied not only to the Bomarc system but to the whole SAGE complex, because SAGE is certainly essential to Bomarc.

As to the main argument advanced in favour of Bomarc, it is perhaps not one which has a broad Canadian appeal. The argument is that it has a longer range than Nike-Hercules or Nike-Ajax and could push the area of effective defence north of the United States border. That apparently is the tactic to be followed by NORAD, as General Partridge made perfectly clear to the house committee on February 19 at page 336 of the evidence, in these words:

> The interceptors which take off for interception purposes are fully armed and ready to fight.

This would apply to missiles too, apparently. I continue:

> We want to start the battle as far out from our targets as we can and put on increasing pressure by increased numbers of interceptors as the battle moves in toward our target areas. If we do not destroy the enemy before he gets to these target areas, we want to apply surface to air missiles against him.

And again on the same day, in terms which apply to the missile and the manned interceptor, General Partridge had this to say:

> We would like very much if it were possible to do so to fight the air battle far out from our targets over uninhabited areas of northern Canada or out at sea—
>
> We want to engage the attacking forces as far out from the targets as we can and break up the bomber stream, shoot down as many of the enemy airplanes as we can and get to them before they can launch air to surface missiles. Then we would like to take them under fire by Bomarc if this is possible, again offshore or in relatively uninhabited areas of Canada.

I suggest that the effectiveness of this kind of defence, which I think is becoming increasingly dubious at best, will depend on a good alert or early warning system, and this effectiveness should not display itself in a form which would mean that the battle would be fought, if it ever had to be fought, over Canadian populated territory. I agree that it should be pushed, not over the United States border but far north of the Canadian border, if this kind of defence is to be adopted.

If it is going to work at all—and the minister did not have very much to say about this in his statement this morning—we have to have an effective early warning system designed to take care of these new developments. The minister will correct me if I am wrong, but I understand that the early warning system we now have is adequate protection against bombers provided there is no jamming, and that is quite a proviso. For missiles, there is no early warning system available at all, but billions of dollars are going to be spent to secure one through the ballistic early warning system, in order to achieve how much warning? From 15 to 20 minutes.

About this new development and the accompanying expenditure, a gentleman who is probably the greatest radar authority in the world today, a man to whom the free world should be eternally grateful, Sir Robert Watson-Watt, is very sceptical indeed. As he stated in Washington the other day he is pessimistic about the effectiveness of early warning systems for missiles and the wisdom of spending these billions on them. I am in no position, of course, to judge whether what I am about to read is an accurate and reasoned assessment of the situation, but certainly anything this man says is worthy of attention. A couple of weeks ago he is reported to have said:

> The heavy expenditures you are devoting to SAGE systems; BMEWS in the north, and the Nike-Zeus anti-missile missile, is a rather forlorn effort to jack up radar to levels it won't reach.

Let us hope he is not correct in this. He went on to say that improvements contemplated in the D.E.W. line BMEWS are—and I quote his words—

> —at best a very expensive way to get a still inadequate warning.

Our anxieties and preoccupations about this are increased by General Partridge's statement before the house committee—and perhaps the minister could comment on this —when he said:

> The Russians could jam the D.E.W. and mid-Canada lines if they wished to do so.

If this form of continental defence, this system of early warning, interception and destruction has a valid purpose—and let us assume it has a valid purpose—that purpose

is not to protect this country or indeed even the populous centres of the United States, because indeed that is not possible. Its valid and primary purpose, the purpose on which it must stand and on which the expenditures must be justified, is to protect the bases from which the deterrent must operate and which would be the primary target of any aggressor.

In fact, Mr. Chairman, I suggest that today our main protection is the deterrent, providing it can operate. So let us not fool ourselves. There is no protection, or very little protection, or almost incidental protection for Canadian soil or for Canadian citizens in this form of defence. The protection is in the deterrent in so far as it is able to keep the peace. If we ever had any doubts in our own minds as to the real purpose of the deterrent and the real validity of early warning interception as a protection for the deterrent, the testimony of General Power, who is the head of the strategic air command, I think, in February before the house subcommittee would remove those doubts. This is what he had to say:

> The real backbone of SAC's deterrent posture is our alert system. As you know, under this system we maintain a certain percentage of the command on the alert 24 hours a day, seven days a week, 365 days a year. Airplanes are loaded with bombs; crews sleep close by. They are tested every day—we can get them rolling in about five minutes, that is, the first airplane starts rolling down the runway in five minutes.
>
> This is the only force that a potential aggressor knows he will have to reckon with, no matter how cleverly he plans his surprise attack. If that force is big enough, and if it gets the 15 minutes' warning for which it is tailored, and if it can penetrate we think an aggressor will be strongly deterred.
>
> If we get that warning, we can get these airplanes off the ground; therefore, even though an aggressor launches missiles against the United States—and nothing can stop them today—we will still get the retaliatory force off, that part of it that is on this alert; it will not be destroyed, and the aggressor will have to absorb it.

Well, Mr. Chairman, there is our protection, not interceptors and not missiles in the skies. There is our protection at the present time. That, I suggest, is the purpose, if it has any purpose, of continental air defence and early warning systems.

Now, the United Kingdom is perfectly realistic about this matter, as we would expect, realistic in a way perhaps that we should apply to Canadian defence policy. The United Kingdom, as I understand from reading defence discussions there and white papers, is not now even attempting to defend the island as such or even pretending that it is doing so. The white paper of 1958 had this to say in paragraph 33:

> Fighter command has now the more limited task of protecting the bomber bases.

I ask the question, should Canada adopt the same principle? Perhaps the minister will deal with this when he replies. I ask it as a question and not with any illusion that I know the answer myself. Certainly the United Kingdom now relies primarily on the strategic nuclear deterrent as a defence against all-out attack. Should we rely primarily on that deterrent and make our contribution to the deterrent? This is a view, Mr. Chairman, which is increasingly supported in the United States itself, notably in the evidence given before the house subcommittee on April 20 by a naval officer whom I quoted this morning, Admiral Hayward. He said this:

> We are a member of a free alliance. There are 45 nations allied with us. We swim or sink with this alliance, and if we go to fortress America, and just forget it, we are going to die.

At page 316 he had this to say:

> Since the air defence business of the United States has gotten under way, we have spent $25 billion to defend the United States against the manned bomber.

He was asked "Since what date?", and he replied:

> From about 1949, I would say, when SAGE, D.E.W. line, interceptors, and Bomarc were initiated.

He repeated what he had said earlier at this hearing:

> I do not believe in fortress America. If we go to fortress America, the free alliance is going to die, and the proposal to put billions into these fixed systems for defending the United States I do not buy. I do not agree with it. This is my own personal opinion.
>
> Mr. Minshall: You think it is another Maginot line?
>
> Admiral Hayward: I certainly do.
>
> Mr. Minshall: Would you feel, then, that we should put any more money into the Bomarc system?
>
> Admiral Hayward: Personally I say no, I would not.

Then, after testimony was heard by the two committees, one in the Senate and the other in the House of Representatives of the United States, and the committees made their reports, the United States administration apparently decided not to go so far as Admiral Hayward suggested, but to divide its money and its resources between territorial defence and the maintenance of a deterrent of overwhelming retaliatory power ready and effective for swift and devastating counter-blow, and known by the potential aggressor to be ready and effective for that blow. A deterrent of this kind is now in existence and has been in existence for a good many years.

This, of course, produces an uneasy stalemate in the world situation which so far as calculated aggression is concerned may remain indefinitely. Therefore peace, the kind of peace—if you can call it that—which we

have, rests largely now on what the United Kingdom 1958 defence white paper called the balancing forces of mutual annihilation. As this deterrent is, in my view, so important in the maintenance of peace, surely our contribution to it, our attitude to it, should have a bearing on Canada's defence policy. Therefore, Mr. Chairman, though I am straining the patience of the committee, I should like for a few minutes to examine the nature of this deterrent and what our relation in Canada should be, what can it do, what can it not do, and what contribution should we, as part of our contribution to collective security, make to this deterrent. But in discussing this we should remember that this nuclear deterrent, however powerful it may be, may not prevent direct limited military action. It may not prevent indirect military action. It may not prevent the catastrophe of miscalculation. It will not prevent, however powerful it may be it will not hinder and indeed it may even facilitate economic penetration and political subversion. Therefore it has its limitations.

If the deterrent, however, is our main protection at the present time against all-out war, how much nuclear power is needed to deter? How far do you have to go before deterrent power is sufficient to deter? And if you go further the additional power is not only unnecessary and wasteful, but more weapons on the other side cancel out your own increased power, and both sides are merely wasting money, energy and power itself.

This kind of deterrent by force may, I admit, be absolutely essential at the present time against attack; but its use, if it ever had to be used, is also an assurance of the destruction of yourself as well as the enemy. Therefore if both sides have this power and cannot be prevented from using it in retaliation against an attack, then neither side will dare use it. It becomes sterilized, and paradoxically the objective of defence policy and even defence strategy is to keep it sterilized.

Yet, while we would be afraid to use it because of its results against ourselves, we might slide into such use by the nature of our defence against what might be a limited aggression. We might—and this is one of the major dangers that confront the western alliance today—by the very nature of our collective arrangements convert little wars into big wars. The minister himself in statements he has made has, I think, suggested this when he expressed scepticism about whether it would be possible to start with a minor and limited defence against a limited aggression using, if you like, tactical nuclear weapons in a limited way; whether it would be possible to start these, without going to the ultimate weapon of the hydrogen bomb and all that this implies.

The United States position is certainly all-important in this matter, but that position seems to me to be dangerously ambiguous. The army chief of staff, General Taylor—I think he was army chief of staff until a few weeks ago; I do not think he is now—had this to say to a subcommittee of the Senate on March 11, and I quote from his testimony:

> We must have a real shield of NATO forces on the ground to reassure NATO that indeed we do have some response other than general war to any aggressive action. The most likely way to have a general war is either to back into it, to have a limited operation expand into a bigger operation or perhaps to have a miscalculation of a gross kind on the part of one side or the other.

I suggest those are very wise words indeed. But the President of the United States had this to say at a press conference, I believe, on the very same date, and these are words which certainly rang around the world:

> We are certainly not going to fight a ground war in Europe.

That is, the United States. What is the alternative? An atomic air war of mutual destruction? But the President added at the same press conference:

> I don't know how you could free anything with nuclear weapons.

Yet he had just said only a short time before, "We are not going to fight a ground war in Europe." Well, Mr. Chairman, what voice has Canada in resolving what I can perhaps call the ultimate dilemma? Where do we stand? What is the answer to all this? What can we do to find the right answer?

I believe we have to retain, and I have to say it, the nuclear deterrent now in the hands of the United States—I wish we could do without it—and in part in the hands of the United Kingdom, to be used only after a collective NATO decision except in retaliation to an all-out, massive, sudden assault when there would be no time for consultation, indeed perhaps no time for anything else. To throw away or to urge the United States to throw away the nuclear deterrent does not seem to me to involve any service to peace but, indeed, might be a provocation and temptation to aggression on the part of a state which retained it. If we could do so by international agreement, of course, that would be the perfect solution.

But while I feel we have to retain this horribly devastating nuclear deterrent in the interests of the uneasy stalemate on which peace now rests, I believe also that there should be a shift of emphasis in the west pending an agreed reduction in armaments, a shift of emphasis also in NATO, a shift of emphasis and priority of resources from total

war weapons, especially of so-called deterrence, toward conventional weapons, conventional strength and conventional planning. In other words we should accept the total war stalemate while trying to resolve it by negotiation and reduction of armaments. We should give greater priority to improving the strength and mobility of conventional forces. We should make effective, and not merely talk about it, the concept of balanced collective forces and a co-ordinated program of collective development and production of arms which would really reflect interdependence.

The minister said it this morning, and I have said it more than once when I sat on the other side, that collective security in NATO was based on this principle of balanced collective forces. That certainly was the principle adopted many years ago, but surely the time has come when the strategy and the planning of NATO should reflect that principle more effectively than is the case at the present time. If we cannot effectively work out our arrangements in NATO on that principle, then one of these days, and it will be a great tragedy, NATO will weaken and perhaps even collapse.

What about Canada then? Even on the lowest grounds of national self-interest we should do everything we possibly can to keep NATO active, strong and vigorous; because if it should disappear, what about Canada then? Fortress America or neutralism or what? If the deterrent is largely in the hands of the United States, and it is, and in part also in the hands of the United Kingdom, though there is a debate going on there now whether it should be retained, where does NATO come in, NATO which remains the cornerstone in our system of collective defence though it is being subjected these days to increased national, political and military pressures which may impair its effectiveness?

I certainly believe in NATO as strongly as I ever did. I am talking now about the defence side of things. But here again I suggest that its purposes, plans and methods of defence should be re-examined in the light of new developments. I do not know whether that is being done. We know what the purpose of NATO is. The minister has explained it and other ministers have explained it. It is primarily, I think, to prevent an accident, to remove a temptation, to avoid, above all, having to depend entirely on nuclear retaliation. We know what the nature of this shield is. Its principle is integrated balanced forces, which is insufficiently realized partly because of our reliance on nuclear deterrence and partly because of a growing national sensitiveness and pride which makes genuine collective control increasingly difficult.

So the question arises, is the shield really NATO—we talk so much about the NATO shield—or is it the strategic air command, which is no more a part of NATO than is NORAD? What is this NATO shield? It is perhaps now only a subsidiary shield but that would not remove its importance even if that were true. The strength of the shield, we are told, and I have never seen these figures controverted, is 21 divisions and effective air forces. On the question of air forces I should like to ask the minister —I brought this up in the house in a question a few days ago—to tell us in the course of the debate what effect the removal of United States squadrons from France would have on the supply and equipment position, the logistic position, of Canadian squadrons which remained in France.

We have been told that the NATO program is now based on a document adopted in December, 1957, dealing with minimum force needs from 1958 to 1963. Writing in the *Financial Post* of last February 7, Mr. Michael Barkway quoted high NATO military authorities as saying with regard to the minimum force needs paper:

> For the first time each government now has in front of it a written statement showing precisely what is expected of it. Each can now refer to this annually when it makes up its military budget.

I should like to ask the minister how this program is progressing. Is it up to schedule? I should like to ask him if he can tell us what is Canada's commitment in this five year program. Have we indicated to NATO our acceptance of this five year program and how do we propose to discharge it? Is the Canadian government satisfied with the arms and equipment of its NATO forces?

To return again to the congressional subcommittee, may I point out that General Norstad had this to say on February 19 with respect to the question of the arms and equipment of NATO forces:

> Within the NATO forces we are dependent upon atomic forces. We have no forces that are exclusively conventional or non-nuclear.

"No forces", he said.

> Within the alliance, the forces which we have are based upon the full exploitation of atomic weapons and new delivery means. Without them they could not deal with a serious situation. When or if strategic air forces would be involved is a matter of writing some ground rules and making a tremendous amount of assumptions. It would be a very "iffy" question and a very "iffy" answer on my part.
>
> I prefer to leave the answer on the basis that if we are to deal with any significant situation we

must use atomic weapons, whether they are so-called tactical or strategic. It is very difficult to draw the line.

These are the words of the NATO commander in chief, General Norstad. They apply, presumably, to all the forces under his command.

On March 5 last the commander of the Canadian brigade was visited by a correspondent for the *Globe and Mail*, and these words were attributed to Brigadier Cameron:

Our defence plans—

Presumably these are Canadian defence plans.

—are based on the nuclear weapon.

But I assume that the Canadian brigade has now no nuclear capability. I have no reason to believe, the minister can correct me if I am wrong, that it has any authority from the government to use such weapons if it possessed them. I would be grateful if the minister would clear up these very important points about the relationship of our Canadian forces in Europe to the use of nuclear weapons which General Norstad, the commander of NATO, says are absolutely essential for the effective operation and defence of these forces.

I apologize again to the committee, and I appreciate its patience, but I should like to close by saying a few words about what I think are some of the principles which should guide Canadian policies on defence at the present time. The minister dealt with some of these this morning. I certainly have no dogmatic view on matters so complex or matters concerning which, as I have already indicated, we in the opposition have not the access—I do not complain about this—to all the information which the minister has. I do not know all the answers, but I should like to get as much information as possible upon which, as a Canadian, I can base my answers to these questions.

In the first place—I believe, I have said this already more than once in my statement—I believe in collective security as strongly as I ever did. But I am worried about collective security becoming more and more continental and less and less Atlantic. I believe this should be the foundation of our policy, as indeed the minister indicated it was in his statement.

I believe in the strongest possible support for a permanent United Nations peace force to carry out United Nations decisions, to police armistice settlements, as he said in his statement this morning, and patrol danger areas to prevent small conflicts deteriorating into large wars.

Pending agreement at the United Nations for such a permanent force, and there are great obstacles there in the way of this development, I see no reason at all against, and many reasons for, following a course by which Canada could negotiate with other middle powers for the organization and equipment of such a force, based on a treaty relationship, which force would be made available to the United Nations on request by an assembly decision. I believe that as an integral part of our defence policy appropriate Canadian forces should be trained and equipped for such international peace preserving service as this.

I believe that for this purpose perhaps we should have a brigade group which would be entirely airborne, air transported with all its equipment in an emergency. Certainly, the R.C.A.F. would have a big new part to play in that kind of development. Furthermore, I think that land and air forces should continue to be made available to NATO as part of a collective, and I hope it will be a genuinely collective effort.

Having said that, I should like to add that in my view NATO strategy and planning must be made effective in a way which gives its members enough strength in Europe to defend western Europe against an aggression without having to rely on every occasion on massive nuclear retaliation by the United States, the effect of which, as I said, would be to convert every limited war into nuclear suicide. I believe Canada should insist—perhaps insist is too strong a word—Canada should do its best to bring about the acceptance of NATO strategy and strength based on a balance of collective forces to which each NATO member makes a fair contribution, and for which each accepts NATO control and authority over its forces through the NATO command. I feel that this control and command should be extended over the whole NATO area. I know, as well as the minister knows, the difficulty in bringing that about, but I believe it is an objective which we should keep pressing to achieve.

I believe Canada's continued participation in NATO forces in Europe should be under continuous examination in the light of the progress made in achieving this objective. As long as our present forces remain in Europe they should know the role that they are to play in an agreed and acceptable strategy, and they must be given the most effective equipment with which to play it. It was for this reason we on this side were gratified to hear the minister say this morning that the government had decided to re-equip the air division. I am not in a position to comment on whether this new equipment is the best that could be obtained. I do not even know exactly what the purpose of the air division will be. The minister

outlined it this morning, but certainly it will require a good deal of study. It seemed to me to be an entirely new purpose for the air division, attack support, a very important purpose indeed in the defence of western Europe, a very onerous task for the air force. I think the decision, notwithstanding what the minister has said, should have been made months ago, but it is better to have made it now than to have postponed it further because surely it has become clear to all that the air division, in its present form and with its present equipment, the F-86, was not in a position to discharge effectively the kind of task it would have been called upon to discharge.

This is no reflection on what is perhaps the best body of airmen in Europe. This is a reflection, rather, on the speed of events and it shows how quickly equipment can get out of date. Certainly the air division in Europe is second to none in any air force for skill, courage and determination of its men. It deserves, and I hope it is receiving now, a clear-cut role, which perhaps we can discuss, and the best means of playing that role.

Then, next what should the relationship of Canada be, in my view, to continental air defence? It seems to me that if Canada is to continue to subscribe to the theory of defence in depth against manned bombers, we should not deceive ourselves that this is going to be an effective defence for the Canadian people and Canadian soil. Let us not delude ourselves. This would be Canadian association with a defence deterrent which is a United States deterrent so far as this continent is concerned, except in so far as we are contributing to the early warning system.

If we are to continue to take part in this form of continental defence, surely the Canadian squadrons for that purpose must be re-equipped with the latest planes. It is not fair, it certainly will not be fair in the months ahead to ask them to take their full part in continental air defence armed with CF-100's alongside United States squadrons armed with the latest type of interceptor, eventually perhaps the F-108.

If, on the other hand—although there is no indication of it in the minister's statement this morning—the government should consider leaving this particular form of continental defence to the United States, and giving the R.C.A.F. perhaps another and more Canadian part to play, surely the government should insist that the United States interceptor squadrons be based far enough north to permit contact with the enemy long before he reaches Canadian industrial areas and populated areas.

[Mr. Pearson.]

The minister said this morning, and I agree, that we should continue to take some share of the responsibility for the existing early warning systems while those systems are considered to be effective. However, we should leave the development of B.M.E.W.'s—ballistic missile early warnings—as we should leave the development of anti-missile missiles, to the United States. I gather from the minister this morning that he would not disagree with that statement. I think this development is not in our particular economic sphere.

I would go further, however, and say that whenever the United States desires facilities or rights to operate on Canadian soil for defence purposes which are deemed by the United States government to be essential and not by us to be undesirable though not essential, at least as a Canadian effort; I believe in these circumstances that we should give the United States those rights as part of this partnership about which the minister spoke, as is done in the United Kingdom and as was done in the case of the D.E.W. line. But only in each case after we have worked out an intergovernmental agreement which reserves all Canadian rights of sovereignty and political control.

We were able to do this when we negotiated the D.E.W. line. We discussed at that time the desirability of making this an all Canadian effort and taking full control of it. However, it was decided that that was not a good thing to do in view of the speculative character of the effectiveness of this line. But if the United States felt it was essential we agreed they should be given the right to do it and we would make our contribution to the other line. But the right to go ahead would be governed by a political agreement which was made at that time and which as the minister knows reserves every right of Canadian sovereignty and ultimate control. While I would be the last person—because I believe in collective security—to refuse any member of the Atlantic alliance any facility which they claim to be essential for collective security and require to use on our territory and which we do not wish to do ourselves; while I believe we have no right to refuse that kind of thing in that kind of emergency, nevertheless on every occasion we should make sure that through political arrangements between the two governments on the highest level Canadian rights are safeguarded and protected.

I would go further than that. We should do ourselves all of the things in our country we possibly can and that we think are necessary for continental defence. This is not an easy problem because the United States is a great power with world interests and world responsibilities. The United States cannot

allow any sector to go unguarded. They have to participate in every form of defence activity, even though they may have doubts themselves, as they have in connection with the Bomarc. But Canada is not in that position. We have a limited amount—although a big amount—to spend on defence and we have to be particularly careful that we use it to the best advantage. Normally the best way in which to use it is for defence which makes a contribution to genuine collective security. If we feel that certain proposals which are put forward are not in our view desirable for Canadian action then we cannot be a dog in the manger and prevent others from doing them who are our allies if they work for collective security.

So far as the army is concerned, it seems to me that the army should consist—and I put this suggestion forward with some hesitation to an expert in this field—of mobile brigade groups and that there should be sufficient air transport available to pick up an entire brigade group and deliver it anywhere in the world where required, whether it is required as part of a NATO contribution, as an international peace contingent or for other duties specified by the Canadian government from time to time. I think nothing can be much more important now than the equipment of the army for that purpose. If that means cutting down on some other expenditure it should be done. I think the government must now decide, and presumably it is in the midst of negotiation with the United States with a view to coming to a decision on the use of tactical nuclear weapons. The government, especially in view of what General Norstad has said, must decide whether these forces are to be armed with tactical nuclear weapons. If the decision is in the affirmative, surely the government must insist that any such weapons are under Canadian control and operation. It is a position that I think that any self-respecting nation would take. I cannot believe that, when confronted with the necessity for taking that position, the United States would consider it an unreasonable one.

There are some considerations which must be in the minds of the government in coming to a conclusion in this matter, and I hope the conclusion will be reached shortly. Perhaps I might mention one or two of them. The minister will know that tactical nuclear weapons have now been reduced to a point where they can be used by small formations against purely military targets. They are conventional almost in the sense that they are ordinary weapons with nuclear ammunition, but used in almost the same way as if it were ordinary ammunition. Second, if these weapons were not used, NATO forces in Europe would be facing armies which had them and would not hesitate to use them. Unless we can get international agreement on this matter, the resulting military disparity created might well be considered intolerable to NATO morale. If the Canadian forces were deprived of these weapons or were not permitted to use them—this is a consideration which no doubt the government has very much in mind—their morale could hardly be expected to remain very high if they were serving alongside NATO forces which had these tactical nuclear weapons.

The matter is obviously as complex as it is important but it should certainly be given consideration, and I hope the house will have the views of the government on this matter before long. One important factor—and I want to mention this so that what I have said will not be misunderstood—in coming to a decision on this matter surely must be the possibility of abolishing the use of all atomic weapons by international agreement. Whatever decision is reached on this particular matter, I believe that Canada should use to the utmost its influence to discourage nations—and I have mentioned this matter before; it is perhaps a matter for the United Nations—which do not now manufacture atomic weapons from embarking on programs for their production. Nothing could be more disastrous for peace and security in the future than if twenty, thirty, forty or fifty nations in the world were producing nuclear weapons.

As far as naval policy is concerned, I may have a little bit more to say on that matter later. It seems to me that naval policy should be based, if not exclusively, almost exclusively on protection against submarine attacks. If nuclear submarines are required, as Admiral Rickover has stated, as the most effective submarine killers, perhaps Canada should explore the possibilities of a production sharing arrangement with Great Britain or the United States whereby Canada might obtain her requirements in exchange for components or other Canadian defence equipment without the necessity of embarking on an extensive program of development and production which it seems to me, in view of economic circumstances, would be unwise.

The upshot of all this, Mr. Chairman, is that I am advocating a complete re-examination and re-assessment of the defence problem as a means of solving defence problems on the part of the government in the light of the changes that have taken place. I am not now advocating a reduction or a substantial reduction of our defence effort. But I do not think that we are getting the maximum results for the expenditures we are making. I think we are making expenditures on

defence, in the light of situations and circumstances which do not any longer exist. I think we should, as I have said, make a complete re-assessment of the nature of our defence effort and our defence expenditures in the light of the fundamental changes in the last two years.

But Canada has to pay its fair share of the collective insurance policy against war. While we might be able to cut—and I think we could do so—defence expenditures, no one on this side of the chamber would advocate doing that at the expense of our security or at the expense of our position in the NATO alliance. I think it is possible to make a more effective contribution for less expenditures because I believe some of our expenditures now are not justifying themselves in the return they make to our security.

Above all, I believe, as I said at the beginning of my statement, that while military defence remains important and while a deterrent has to be maintained, while these millions have to be spent, the only real defence is peace, and everything must be subordinated in this government as in other free governments to the search for peace by negotiation to make the astronomic defence expenditures unnecessary in the long run. The minister said this morning that the world is perhaps approaching the stage when the use of force is no longer valid as an instrument of policy to settle man's differences. The minister might take the word "perhaps" out of that statement. The world certainly has approached that stage, and defence policy cannot surely in these days be based realistically on any other consideration. While military defence remains essential and while military deterrents remain essential, the use of these deterrents and the use of this force as an instrument of policy to settle man's differences has now become intolerable.

Mr. Winch: Mr. Chairman, the estimates which are now before us are of the utmost importance to all members of the House of Commons in particular, and of course to the people of Canada in general. May I first of all offer my congratulations to the Leader of the Opposition for the speech he has just concluded. The Leader of the Opposition in his lifetime of service has undoubtedly made a great many and memorable speeches, but personally from what I have read of his speeches or from what I have heard of them, I consider his speech this morning and this afternoon one of the finest of his speeches. It is not only my own but the sincere wish of the group in this corner of the House of Commons that the questions which have been put by the Leader of the Opposition directly or indirectly will be answered directly by the Minister of National Defence at a later time in the course of discussion before the committee.

Mr. Chairman, may I also make it clear at the outset that any remarks which I have to make upon these estimates are not directed personally at the Minister of National Defence, because I know him as a personal friend in this House of Commons, as a personal friend outside the House of Commons, and we came to know each other very well in the last world war when he was a G.O.C. of western command and I had the honour and privilege of being the leader of the opposition in the province of British Columbia.

As I said, Mr. Chairman, this is an important debate and discussion. I did not have the opportunity of serving overseas, but in the past second world war as a member of the armed forces in the militia, as only a two-pip wonder and training officer, many hundreds of men passed through my hands. It was my responsibility in the Irish Fusiliers, Vancouver regiment, second battalion, to teach young Canadians how to kill and stop being killed. Unfortunately perhaps I was not too successful in the latter because many whom I came to know so well are no longer with us because they are buried heroes in Sicily and in Italy. But one who has had that experience, and there are others, in my humble estimation has a very grave responsibility as a member of parliament; that is, to put forward proposals, recommendations and criticisms which we hope will play a part in establishing a Canadian, foreign and defence policy that will make it as certain as one can make it in this world today that never again will Canadians be placed in the position of kill or be killed.

I commend the Minister of National Defence for taking the opportunity of making the presentation in approximately one hour of his analysis of the defence situation in Canada, the defence situation throughout the world, and his view of our own Canadian defence policy. He spoke, most understandably, from a written script. The Leader of the Opposition spoke very well extemporaneously and from a written script. It is most understandable on such important estimates and such an important discussion that there should be very full notes. So, Mr. Chairman, although it is a most unusual procedure for myself, I hope I may be granted the privilege of using extensive notes. May I say it is most unusual for me to have a written script, because I am not speaking for myself personally in the short 30 minutes I am allowed to try to present in as concise a form as possible the findings, which we came to in the last analysis only shortly before eleven o'clock

this morning after weeks of study by a special subcommittee of our group, which findings were finally agreed to by all members. I, as the spokesman of this group this afternoon, would like to be absolutely certain that every word and every sentence is in its complete context.

Mr. Chairman, with that introduction I should like to say—I have no inferiority complex about it at all—that because of the major issue involved I rise with some little trepidation to speak on the very serious problem of Canadian defence. I am certain, Mr. Chairman, that the house will appreciate, and in particular those of us who sit in the opposition will appreciate, the very real difficulties which face us in attempting to evaluate all the complexities that are involved in the question of national defence. These difficulties, of course are aggravated as well by the lack of certain information with regard to the details of defence and also because of the lack of proper research facilities on the part of opposition members. Irrespective of that I feel we can fall back in part on an examination of what has transpired in the last few years.

When the Leader of the Opposition spoke I wondered if he had read my speech or if I had read his because I noticed that he also commenced his remarks this afternoon by saying that to understand our present position we had to examine the past. I want to go back over what has transpired in past years in order to present an insight to our present circumstances.

It will be recalled that when world war II ended Canada had at long last achieved the status of an independent though a small power. I am certain all hon. members will agree that there was no longer any doubt whatever that at that time we had at long last outgrown what might be referred to as our colonial childhood. Canada became a free nation, calling no one master, and bound to no other country by any ties stronger than those of sentiment. I am sure that this feeling of independence was pleasing to all Canadians if even though it was somewhat short-lived.

Scarcely had the war ended when the continuing communist drive for world domination became abundantly clear to all who wanted to see. By 1947 the United States was seeking the right to establish air bases throughout the Canadian north. Before very long three courses seemingly were open to us in Canada. The first was neutrality or some variant thereof. The second was an alliance with the United States. The third was an alliance with the U.S.S.R. The latter, of course, was admittedly and obviously rejected by all thinking Canadians as being morally abhorrent. Canada chose a closer alliance with our southern neighbour, perhaps principally for reasons other than defence requirements alone, and soon our defence policy evolved as if by preordination to one closely dependent upon that of the United States. Officers were exchanged between national defence headquarters in Ottawa and the Pentagon in Washington. Canadians were sent in increasing numbers on courses and attachments to United States establishments. The continued United States occupation of three bases in Newfoundland, obtained from England in its direst hour, was accepted by Canadians on Newfoundland's accession, as if permanent occupation of the nation's soil by foreign troops in time of peace was the most natural thing in the world.

This evolving dependence on our stronger neighbour under a Liberal administration has been speeded up considerably under the Conservatives. Today R.C.A.F. officers command the D.E.W. lines sites but it is a United States company which operates the D.E.W. line and, as we know, all information recorded is sent directly to the United States. The D.E.W. line remains essentially a defence installation of another nation on Canadian soil in time of peace. Our jurisdiction is limited to contributing in one way or another to its maintenance.

Shortly after announcing the cancellation of the Arrow CF-105 contract the Conservative government in March of this year stated our new air defence arrangements with the United States. We will operate and maintain the radar lines and air bases, while the U.S.A.F. will man the aircraft required for the air defence of the United States and Canada. As *Le Devoir* put it, the United States will fly the planes and we will sweep the landing strips. This idea of defence sharing is merely an extension of the arrangements that existed at Fort Churchill which I visited along with others only a few years ago. There was a Canadian command there responsible for housekeeping arrangements only.

At this point I think it is well that I should stress that the United States has shown remarkable restraint with regard to the power vacuum to their north. That country has without a doubt achieved a major degree of military control over Canada which is not inconsistent, I suppose, with its vast control over our economy. We have not yet, however, and I hope we never will, surrender our political position or our political control. The net result has been for United States military demands to be based on what the United States government considers necessary for the defence of that country which,

of course, for the United States is exactly as it should be, though I maintain that for Canada it may well mean our becoming a satellite of the United States. If this transpires I have no hesitation in saying that we will have no one to blame except ourselves.

We in Canada are now bound in many devious ways to both United States defence policy and United States foreign policy. It will become increasingly difficult for Canada to act in her own best interests on fundamental issues independent of the policies of the United States. Quite honestly, how could we be independent, because under NORAD, for all practical purposes at least, the R.C.A.F. in Canada is part of the U.S.A.F. This is important. If the United States is engaged in a war, Canada will be in it right from the start. Indeed, Mr. Chairman, we will probably be the battleground, if you can say there is a battleground in modern understanding and terminology. I say without hesitation it will be most difficult to remain unimplicated in any minor peripheral war in which the United States may become involved as a great power.

There are those who may ask—and it would sound as a logical question—is that bad? There are those who would say that surely nothing should be done to weaken the western alliance. There are those who would say that we should be tied very definitely and irrevocably with the United States. But, Mr. Chairman, I would say the answer to that would be, yes if the United States policies are absolutely correct at all times. But any one who is honest knows that the United States policies are not always perfect. There are many of us who have felt very often that they are illogical and indeed upon occasions I have no hesitation in saying that the United States policies have sometimes been dangerous.

Our interests in Canada, Mr. Chairman, are not, nor should they be, identical with those of the United States. Our desire to trade with China against United States objection is merely a small example of what I have in mind. But even if our own Canadian objectives, if our own Canadian interests were identical with those of the United States, we strongly feel that it would be wrong for us to accept such complete United States domination of and responsibility for our foreign and our defence policies.

In passing, may I point out that we do not elect the president and the congress of the United States; we do not have the slightest say in the development of their policies and we certainly have no say in the appointment of the United States secretary of state. For us in Canada to accept United States policy without question and without participating in their foreign relations is as wrong, as far as this group is concerned, as it would have been for the 13 original American colonies to have continued to accept British responsibility for their fate without adequate representation. That spirit of responsibility which reflected itself in a demand for representation which led to the Boston tea party had, according to history, very much to recommend it. I most certainly agree with that kind of spirit and the kind of spirit which I hope, and we all hope in this group, is going to be expressed here in the course of this debate, that is to debate openly and perhaps if necessary with some passion, those matters of the most urgent public importance which have a bearing on the life of every citizen of our country.

We in this group insist that if we wish to retain our status as a sovereign nation, then we must develop and give effect to foreign and defence policies of our own. That, I think, was almost the keynote of the remarks of the Leader of the Opposition. We would like to emphasize it. If we wish to maintain our status as a sovereign nation then we must develop and give effect to foreign and defence policies of our own. We must determine what our true interests are and act accordingly. If in the outcome the United States is forced to make one of those agonizing reappraisals this time with regard to Canada, then so be it. If our Canadian foreign and defence policies are sound, we will be able to ride out any storm and in the end we will have established a new relationship with our southern neighbour, a relationship based on honour and on mutual respect.

We in this group have no hesitation whatsoever in saying that our military policy is designed, or it should be designed, to dispose of our military forces in a manner most likely to carry out the basic aims of our foreign policy. It should not be necessary for me to say that in no way whatsoever should the precepts of defence policy provide the basis of foreign policy. Defence —and this is something, sir, if we cannot get anything else over, we would like to get over—must be the logical extension of our own country's foreign policy, and the basic aim of this country's foreign policy at this point in our history at least must be the national survival in the broadest sense of that term.

The most obvious threat, from all we have heard and all we read, comes from the Soviet union, directly in a military sense, but as time goes on it will be more and more an economic offence which will affect

many of the free nations of the world. Another threat coming from the Soviet union takes the form of political action outside its own borders, the threat of communism itself, a way of life, which could affect many countries of the world, and particularly some of the less fortunate peoples living in undeveloped countries. This action, economically, politically and militarily, could directly or indirectly affect our own existence in our own beloved country of Canada.

Added to these threats is the one which probably causes us the most concern at the present time and it arises out of sheer brute strength of the two strongest nations on earth, pitted like two giant gladiators, ready to do battle at the slightest provocation and only inhibited by the knowledge that each is capable of instantaneously destroying the other. To ensure our survival as a free nation, it is essential that our foreign policy, therefore, our defence policy, take account of all the factors that have a bearing on the nature and extent of the threats to which we as a nation may be subjected. It is to be deplored that Canada which might have exerted a positive influence for good in the world has allowed its leadership in the cause of peace, particularly as affecting those nations which could have together formed a wedge between the two strong antagonists, to become subordinated to the demands of short range defence policies.

Many hundreds of millions of dollars have been spent by Canada to build and staff air defence warning lines. Also the United States government has been allowed to build the distant early warning line and to share in the cost of the mid-Canada line, as well as to build and man many air defence installations in Canada. Mr. Chairman, despite what our treaties and agreements with the United States may say, it is inevitable in our nation that all such arrangements in times of peace will in one way or another have the effect of compromising our national policies, compromising our sovereignty, and thus have the effect of binding us to many of the major foreign and military policies of the United States whether we agree with them or not.

In exchange, we have simply the certitude that in any war fought directly between the U.S.S.R. and the U.S.A., Canada will become a radioactive graveyard. Six thermonuclear bombs or missiles would utterly destroy the Canadian nation. Yet our air force and air defence warning lines and the whole paraphernalia of NORAD, for which we have sacrificed our independent status, will not keep out ICBM's—I hope the lights have not gone out because of an ICBM.

Mr. Benidickson: Nobody is running for cover.

Mr. Winch: I am not running for cover and neither are you. I want to say that no matter what happens—you see, I give light—

Mr. Hamilton (Notre Dame de Grace): You brought the darkness too.

Mr. Winch: That is because you did not wait until the end of the sentence. Nor will all we have keep out a submarine fired missile nor has any competent military man ever attempted to say for a moment that they could even keep out every attacking bomber.

From all we have heard from the Minister of National Defence today, from all we have heard from the Leader of the Opposition and from all we have read we know that if even one thermonuclear weapon did land on a Canadian city there would be a catastrophe on a scale almost impossible to imagine. It therefore follows that our defence warning lines and NORAD would only make sense if they could guarantee that no thermonuclear weapon could get through. This they most definitely cannot do, neither now nor when they were conceived or at any time in the future.

Our close alliance with the United States is not and never was a question of facing the realities of a world containing two giant and hostile powers. The only defence, as we see it, against thermonuclear attack is to have the ability to retaliate in kind and that, of course, means a balance of terror. Our air defence warning lines and NORAD, irrespective of all that has been said or all the wishful thinking that goes on, do not prevent the possibility of a thermonuclear attack on the American continent. Only the United States strategic air command does that. Neither the U.S.S.R. nor the U.S.A. dares attack the other since neither can be sure of destroying the other's thermonuclear capability. If the Minister of National Defence made anything clear in the 39 pages of his text he made it clear that neither the U.S.S.R. nor the U.S.A. dares attack since neither one can be sure of destroying the other's thermonuclear capabilities.

The Deputy Chairman: I am sorry to advise the hon. member that his time has expired.

Mr. Winch: May I ask permission to continue?

The Deputy Chairman: Does the committee give unanimous consent to the hon. member to continue?

Some hon. Members: Agreed.

Mr. Winch: I appreciate the courtesy of the committee. The Liberals and the Conservatives between them, Mr. Chairman, have

spent—I say "spent" but I actually mean "wasted"—close to half a billion dollars on the Arrow, an aircraft which was never necessary. All that the defence of Canada aircraft—I wish to start that again because I should like to make it clear.

Mr. Hellyer: It was clear enough the first time.

Mr. Winch: All that defence of Canada aircraft have to do is to identify hostile aircraft as such. Neither fighter aircraft nor missiles such as the Bomarc or Nike-Hercules can ever hope to shoot down every atomic bomber, and in the thermonuclear age nothing else makes sense. The CF-105 could have been and the CF-100 is and will remain, I am told by military authorities, quite good enough to identify any Russian bomber flying over Canada toward the United States. So long as we retain this capability the U.S.S.R. would not dare to attack the United States across Canada since the U.S.S.R. must destroy all the United States strategic air command or accept the same thermonuclear annihilation that she would like to visit upon the United States.

Mr. Benidickson: That is the deterrent; that is the reason for deterrent expenditure.

Mr. Winch: As long as we can prevent undetected hostile flights over Canadian territory we have satisfied all the requirements of good neighbourliness that the mighty power to the south can reasonably demand. In Canada, Mr. Chairman, we require neither the Bomarc nor nuclear warheads. Neither can we afford the price of these weapons and in addition the cost of a proper defence in keeping with our needs.

It is for these reasons, that we call upon the government to make clear immediately to our friends that we have no need for and will not tolerate the placing of nuclear weapons on Canadian soil. By this firm stand we sincerely and honestly believe, after much study, that Canada can make a decisive contribution to easing, and indeed perhaps reversing, the dangerous trend to worldwide disposition of nuclear weapons.

We in this group were opposed to the setting up of NORAD and we still feel that more would have been gained and less lost if we had extended NATO in such a way as to have provided for whatever additions to air defence that may have been necessary for the defence of North America so as to have applied generally to all NATO countries. We feel also that Canada should exercise far greater control over the distant early warning line, and at the same time we must re-evaluate the whole basis upon which the United States maintains air bases on Canadian soil to the end that we can give back to our foreign policy the flexibility which Canadian security demands.

I have no hesitation, nor has this group, in saying: Let us remain a member of NATO, for any further soviet advance in Europe must be to our disadvantage. But we must insist upon a reappraisal of NATO's basic military policy. NATO cannot hope to defend Europe against a massive atomic attack. That power rests with the retaliatory might of the United States. But we can, with a better balanced and more highly mobile defence force in Europe, defend the area against any soviet non-nuclear attack. This must remain NATO's task. We feel it can be done effectively if the purpose is now made effectively clear. There must of course, also be a willingness to limit NATO's sphere of operations in Europe, provided that a similar concession is forthcoming from Russia at the same time.

We very strongly believe that the western powers should be prepared to consider the negotiation of a neutral belt in central Europe which, on our part, would mean the withdrawal of troops from Germany and, for the soviet, the withdrawal from East Germany and the bordering soviet satellites. I feel very strongly that this combination of policy would enable NATO to defend western Europe in the only situation under which it can offer a defence, namely against a non-nuclear attack. It would prove a desire on our part or it would give an indication on our part of our willingness to negotiate a settlement of the arms race in at least one of the critical areas of the world.

In view of the dangers to which Canada could reasonably be expected to be exposed, and at the same time be realistic in our views as to what Canada could reasonably be expected to do in various circumstances, it seems to us that Canada's main role in the defence of the free world should be in the creation, control and training of an extremely mobile force which could be deployed in any part of the world to fight in any sudden outbreak which held the danger of developing into a full-scale war. We feel that these Canadian forces, along the lines we are suggesting, should be placed at the disposal of the United Nations, when and if required. You may call it a police force, if you like. It was called a police force not so long ago by the Leader of the Opposition.

When we discuss this statement we should like to hear from the Prime Minister and the Minister of National Defence as to what has happened to all their high-sounding phrases about a United Nations police force. Where was there in the white paper, and where has

there been in the excellent speech made by the Minister of National Defence this morning any statement that the reorganization, re-equipping of the Canadian forces would be of the nature for the establishment of such a force? I believe that this would be Canada's finest contribution, a world police force available to, and under the direction of the United Nations. We feel most strongly that in this way Canada's defence efforts would complement those of the United States and, at the same time, leave us free to exert a positive influence throughout the world.

In this regard we feel we should be made as fully informed as possible by our military chiefs regarding the whole problem of war in the future. Certainly, it has not yet been made clear how our disunified and heavily mechanized forces will operate in conditions of nuclear warfare when it can be expected that headquarters communications and supply lines will be disrupted or destroyed. Many very sound arguments have been presented for complete unification of the armed services in the light of modern conditions. I have no hesitation in saying that until authoritative and logical arguments are presented, and they have not yet been presented by the Minister of National Defence, by his chiefs of staff or by the Prime Minister, against unification, then we can only assume that hidebound tradition and vested interests are holding back desired developments in this most necessary field.

Another matter which must cause concern to us, and it was mentioned by the Minister of National Defence, is the present civil defence role of the militia which, quite bluntly, does not seem to make any sense at all. In 1939 no one expected the militia, which was stronger then than it is today, to be ready for war in less than six months. Now, however, in 1959 we expect an inadequately trained militia to be ready literally at a moment's notice to form mobile support columns—I think I am using the term used by the minister this morning—to aid our cities devastated by thermonuclear weapons. Let us be quite clear about this: A thermonuclear war is not at all the most likely form of future war. To prepare only for such a war, that is a thermonuclear war, which certainly appears to be the case, gives us the impossible alternative of defeat in the event of a non-nuclear war being waged. Our regular forces, and more particularly the militia, should be completely trained and equipped for such an eventuality, not only of the possibility of a thermonuclear war which military authorities do not think will take place because of the power of the U.S.S.R. and the power of the U.S.A., but they should be trained for the greater possibility of a non-nuclear war. Having said that, I should hasten to add that even a non-nuclear war waged along modern lines would be most devastating and could see the release of such horrible weapons as are indicated by the phrases "germ warfare" and "chemical warfare".

As I say, we in this group as well as the members of the official opposition, with our limited resources, with what research is available to us, with all the advice in military articles, pamphlets and books, with the help of those now in the armed services and those who have retired who have the fortitude to speak to those who are not in government, have done our best to analyse the situation and put forward the problem, and to suggest what our defence policy should be. On behalf of the C.C.F., therefore, I shall try to condense the items just a little and say that we would recommend our defence policy should very definitely include the following:

1. In Canada there shall be no attempt to either manufacture atomic or other nuclear weapons; to use them or, for that matter, to store them on Canadian soil.

2. That Canada in its policy should devote its major efforts toward the creation of an effective, mobile and integrated force—that means army, navy and air force—capable of either performing in Canada in her own defence or abroad under the direction of the United Nations.

3. That Canada should proceed as quickly as possible to extricate herself from dependence upon foreign defence measures having the effect of making our foreign and defence policies less flexible than they should be.

4. That because of the interest of Canadians in peace; because of the interest of Canadians in defence in the event of aggression; because of the heavy load the taxpayers of our country have to bear in passing the estimates of the Department of National Defence and the Department of Defence Production; and because it should be known to the peoples' representatives how and why the money is being spent, there should be established a permanent defence expenditures committee representative of both houses of parliament of this country.

Mr. Chairman, in conclusion may I try to sum up the thinking and the belief of the C.C.F. group in this house, although we represent a minority and what we believe is the feeling of the majority. I am certain that the members of this house will accept the statement—or at least I hope they will do so—that people generally—and by that I mean people throughout the world in general and the people of Canada in particular—want to think in terms of life and of

how to improve it and do not want to be obsessed with the fears of a devastating third world war; not to be fed a daily dose of cold war manoeuvrings and taxed to supply even more deadly weapons of aggression or of reprisal. We in this corner of the house have a trust in the people of this country and have a trust in the potential influence of this country, if properly expressed, to say that surely right now they can give a lead to the world in vigorously promoting a required common denominator, namely a demand from this House of Commons, speaking on behalf of the Canadian people, for a permanent ending to nuclear tests, the banning of weapons of mass destruction, and intensified efforts for the promotion of world disarmament.

Mr. Benidickson: Mr. Chairman, may I ask the hon. member who has just taken his seat a question. I refer to what I would regard as the third last portion of his interesting speech. He indicated that he had reluctance to approve, as the Leader of the Opposition had indicated, the extent of integration that might have developed under NORAD. But I took it that he felt that in the matter of co-operation of detection devices he had some approval but that he had no approval for co-operation between this country and the United States with respect to aircraft development for defence purposes. I ask him this question. In the knowledge that detection devices were a joint enterprise, would he say that once the information was obtained in a practical way through the detection devices, it should not be passed on to another country?

Mr. Winch: Mr. Chairman, I should say that there is nothing in what I said in a prepared text from which that implication can be taken. That is why I asked the privilege of speaking from a prepared text.

Mr. Hellyer: Mr. Chairman, at the end of world war II there was again amongst people of many nations the feeling that we had won for the world a period of peace and prosperity, of good will and international comradeship. Our dreams were soon shattered with the realization that in the world there were people who did not share our views and peaceful aspirations, people who sought and still seek to impose their ideas on the world at large by any means including military force, if it is expedient for them to do so.

The United Nations, which was launched amidst high hopes and eloquently rounded phrases, was not able to cope with the situation in the real world. Canadians have been and may continue to be proud of the fact that we were amongst the first to recognize that if we were to prevent the Soviet union from further military expansion, we must form a new alliance, a partnership of free nations dedicated to protecting each other from any act of aggression. I think it is a matter of particular pride to those of us in the official opposition that our present leader, along with our then leader, Right Hon. Louis St. Laurent, together were a team in the forefront of the shaping of the concept of the North Atlantic Treaty Organization.

NATO was born and with it a new concept of collective defence and mutual co-operation. What each of the signatory nations would be unable to do alone, they would be able to do as a group working in concert. From humble beginnings, NATO forces have grown in strength and have become a shield of containment against soviet imperialism. The retaliatory power of the United States strategic air command and the existence of the NATO shield have until the present time been of sufficient strength to deter soviet aggression in Europe. As my leader stated earlier today, there have been many new and far-reaching developments in the world, demanding a re-appraisal of all old concepts and a rethinking of future possibilities. It is toward these infinitely complex problems that we must turn our attention. Today we are being asked to vote $1,680,194,006 as the Canadian contribution toward the collective defence of the western world which, incidentally, is our only defence because it is impossible, as everyone well knows, for Canada to defend itself. This is a considerable amount of money, and we have the responsibility before granting it to Her Majesty to ensure in as far as is possible that the money is being well spent, and that it is in fact going to be translated into an effective contribution. In order to judge it is necessary, of course, to have the fullest possible information. This we have been denied by the government.

I think as an indication of the interest in this subject, we should note that after the speech we have just heard from the defence critic on behalf of the C.C.F. party there is no one from that party who is interested enough to remain in this house to listen as the debate continues. Therefore, I think we can put into better perspective some of the suggestions which they made.

The government has in fact no real defence policy and consequently has lost the confidence of parliament and the Canadian people in defence matters. To try to hide from this parliament and the Canadian people the state of its confusion and lack of policy the government has clamped down what I call a rigid insecurity blackout. The white paper on defence, the first one since the new government has taken office, tells us nothing.

I do not often quote retired General Macklin, but his comment on this subject is quite appropriate. He is reported in the Montreal *Gazette* of May 18 as having said:

> After you have read it—
>
> The white paper.
>
> —you will know less about the real state of our defences than the Russians know.

This is a widely held opinion and has been referred to by a number of editorial writers.

Mr. Benidickson: That was the purpose.

Mr. Hellyer: For the first time since world war II Canadian chiefs of staff are not allowed to discuss defence matters—not policy but just background information—with newspaper reporters. What is the government afraid of? Is it possible that the government's decisions do not have the backing of the chiefs of staff? The government also refused to allow General Earle Partridge, commander in chief of NORAD, to give a press conference to Canadian newsmen. Then General Lauris Norstad, the supreme commander of NORAD in Europe, was advised not to have a press conference for Canadian newsmen in Ottawa. Opposition requests that General Norstad remain to brief members of parliament on the actual military situation in Europe, a courtesy which was extended by General Gruenther, who gave members a most interesting and informative briefing off the record, were refused.

Mr. Benidickson: A briefing on two occasions.

Mr. Pearkes: May I ask the hon. gentleman a question? I do not think he was here a year ago, but does he recall that General Norstad then did have the opportunity of speaking to all members?

Mr. Hellyer: I was not here then, as the minister well knows, but I was referring to his most recent visit.

Mr. Benidickson: I think my statement was incorrect. I recall the Gruenther visit and the Norstad visit, and that is what I meant when I said two occasions.

Mr. Hellyer: The present government made sure that General Norstad did not, at this time at least, have the opportunity to talk to members of parliament. The Minister of National Defence did not make military personnel available for briefing members of the Senate and Canadian House of Commons who represented Canada at the recent Canadian-United States parliamentary group meeting, even though the United States members of the delegation had the advantage of the fullest possible briefing and several were members of the congressional and senate appropriations committees on defence. It is true the minister himself and the deputy minister did make themselves available, for which members of the delegation were very grateful indeed; but of course the minister and the deputy minister only gave members of the delegation such information as would, they thought, not be embarrassing to the government here and certainly not sufficient to prepare us to deal with and talk intelligently to the members of the United States delegation.

Furthermore, the Minister of National Defence has consistently and repeatedly refused to give serious answers to the questions asked in the House of Commons. He has given the house and the Canadian people the impression that either he himself is not fully informed on defence matters, or that parliament and the Canadian people who are asked to foot the bill have no right to sufficient information to be able to judge the merits of the government's proposals.

This, Mr. Chairman, is an entirely different viewpoint from that held by members of the present government when they were on this side of the house. I should like, if I may, to quote from *Hansard* of June 21, 1956, page 5275, where the present Postmaster General is reported as follows:

> Second, in this matter of changing our attitude, Mr. Chairman, it would seem the necessity for the wartime attitude that everything connected with national defence, defence expenditure and all varieties of activity in that field should be cloaked in secrecy may have to be altered. I do not think it is quite reasonable to expect the people of this country to continue year after year to willingly vote any amount of money requested by the Department of National Defence unless that department is prepared in peacetime to go further than it has to date in co-operating with this house in laying before it the details of many aspects of its operations.
>
> It has been pointed out, and rightly so, that there are some things which should not be made public; but let me ask, Mr. Chairman, is there some marvellous capacity residing only with the armed services of this country which makes them the safe repositories of restricted information and renders a small committee of this house a doubtful repository for the same information?

The government may not want parliament and the Canadian people to know, but we have every right to know and it is a crying shame that we have to get all of our information from the proceedings of United States congressional and senate committees and other sources. It is possible, of course, that information supplied by the minister might not be any more accurate or up to date than what we receive from the United States committees; but if he would take this house into his confidence we would be able to judge for ourselves. I urge the minister during the course of this debate, when he will have lots of opportunity by way of

answering questions, to raise for us and the people of Canada the insecurity blackout.

We were pleased to have the minister's assurance that Canada would continue to support NATO. As a member of the NATO collective alliance, as well as because of its geographic position and political role, Canada is committed, as set out in paragraph 2 of the white paper, in three major spheres. They are, as the minister told us earlier, first, the defence against an attack on the North American continent; second, the collective defence and deterrent forces of NATO in Europe and the north Atlantic; and, third, the United Nations, to assist that organization in attaining its peaceful aims.

First, the defence against an attack on the North American continent. Knowing that both the great powers in the world, the United States and the U.S.S.R., have stockpiles of atomic and thermonuclear weapons which they can deliver in various ways, including manned bombers and intercontinental ballistic missiles, we are living in an uneasy state of military stalemate.

Western strategy has been based on the concept that as long as we have the capability of retaliating against a Russian attack with a blow of sufficient magnitude as to knock out all of their major cities and industrial centres, that the consequence of any action on the part of the Russians would be so great as to deter them. While the deterrent force will not necessarily prevent limited wars in various trouble spots around the globe, it seems to be a requisite to the prevention of an all-out Russian offensive. There is, of course, no guarantee, and we in the western world have no alternative but to maintain our deterrent strength until a real and enforceable agreement for universal disarmament can be reached.

Canada's role in North American defence has been primarily to assist in the defence of the United States retaliatory power. We are committed to this strategy and geographically we are on the front line of North America. Even if we wished to divorce ourselves from such a policy we could not. While North American defence measures are primarily to protect the deterrent, they do at the same time in an incidental way provide some degree of protection to our civilian population. Put very simply, it is true to say that every bomber knocked down before it reaches the target areas means less destruction and less fallout in the more populated areas. Similarly, if an anti-missile missile is developed, every missile contacted and exploded at high altitudes would mean less destruction and less fallout at ground level.

No one has suggested that there is any such thing as a complete defence. The mighty Goliath with his great armour fell to the well directed stone from David's sling; but while it has always been true that defence is at best only a partial thing, it seems unreasonable to take the attitude that if we cannot save all of our people and all of our cities, there is no point in making any effort to save as large a proportion as possible, provided of course that the effort to this end is not interfering with other and more essential defence effort.

The United States has told us that at the present time the greatest threat to the North American continent is from Russian bombers. Each passing year will see it diminish relative to the increasing importance of intercontinental and other missiles. In protecting the United States retaliatory force, the military chiefs and government of the United States have decided that they will not only have to develop at the greatest possible speed a defence against missiles, but also maintain for the foreseeable future an effective resistance to manned bombers.

Their concept in this regard is called a defence in depth: First, the manned interceptors, in order to knock down as many attacking bombers as possible before they reach their targets or before they are able to launch their air-to-ground missiles, second, an area defence of ground-to-air Bomarc missiles; and finally a spot defence of Nike ground-to-air missiles. Apparently the Canadian government accepts this concept but having accepted it they have made no effort to implement it on a continental basis. We now have the incredible distortion whereby for Canada—now that our CF-100 squadrons are obsolete—the Bomarc is our first line of defence, with United States interceptor squadrons as secondary support. Canada is now faced with three alternatives:

1. To continue with its present policy in which case in the event of war most of the fighting, most of the destruction and a high percentage of the radioactive atomic fall-out would take place over the southern two or three hundred mile strip of Canada where most of our people live.

2. Allowing the United States air force to establish interceptor squadron bases on Canadian soil, or

3. Buying United States interceptors to re-equip R.C.A.F. squadrons.

I maintained at the time the Avro Arrow was cancelled, and still maintain, that it was cancelled without due consideration to the whole consequences of the action and in addition the provision of the Bomarc was, and still is, of questionable value in many ways. The minister has given us such a vague conglomeration of jumbled jargon about the

Bomarc that it is difficult to reach conclusions. The minister has not told us that the Bomarc has been successfully tested against a supersonic target. He has said in reply to a question:

> If it had been planned that it would be tested against a supersonic target, that would have been done. If it has not been, the intention is not to have it tested as at this date.

The truth is that when it was first tested against a supersonic target it missed. More recently we learned from the newspapers that it managed to contact jet targets but we still have not been told whether the targets were supersonic or subsonic. This is a question which should be answered. In fact, there are a number of other questions the minister should answer about it. Has it yet learned to track a target at low altitudes or is it still, as was the Bomarc A, ineffective at low altitudes? Can it still be jammed by approaching bombers when it switches from ground control to homing control or has that deficiency, too, been overcome? Is the minister familiar with the British operation Sunbeam and, if so, could he give the committee the benefit of the information he has which was gained by the British during that operation? If the minister cannot answer these questions satisfactorily, he should not be asking us to vote funds for Bomarc installations.

In addition to the defence against manned bombers it is obvious that we are going to have to have a defence against missiles. The United States is spending huge sums in this direction. We hope they will be successful. It is quite right that we should not attempt to duplicate their activities in this field. If they are able to develop an adequate defence weapon, however, it may become desirable for us to consider its use from Canadian bases.

The other area of possible Russian attack is from the sea. If they, the Russians, now have, or if they can or do develop a capability of launching missiles from submarines, we will have to meet the threat. We should be giving serious consideration to this matter now. It is widely held that the only effective defensive against atomic submarines is by other atomic submarines. If so, we should consider how we can best procure what we require.

The second major commitment referred to in the white paper is our NATO commitment in Europe. This has been and, in my opinion remains a most important contribution to collective security. Whereas the Russians are not likely to risk an all-out offensive while we maintain a powerful deterrent, they would not hesitate to indulge in local and limited probing if they thought they could obtain limited objectives without detonating global catastrophe.

Canadian forces in Europe, while small, are effective and well trained. The psychological effect of having them there is invaluable for it helps to bind together the NATO alliance and sets an example to our partners. It is a clear warning to the Russians that we mean business. Any cutback in Canadian effort now could be the beginning of a chain reaction which might have serious and far-reaching consequences. By unswerving loyalty and devotion to principles we have long espoused such a possibility can be avoided.

We were very pleased to hear the minister's announcement that the air division will be re-equipped. The decision should have been made months ago but not later than last December when the minister was in Paris and when he had the opportunity to discuss these matters with the NATO commanders at SHAPE. However, better late than never. Not only are our airmen and army personnel there among the best trained and most effective, but they should have available to them the latest and most modern equipment we are able to provide.

The minister told us that he was going to re-equip eight of the air division squadrons which are presently equipped with the F-86 Sabre. He did not mention what he was going to do with the other four squadrons which are equipped at the present time with CF-100's—

Mr. Pearkes: Yes, I did.

Mr. Hellyer: —except that they should remain as they are at present, I quickly add. Is it possible that the NATO commander earlier had asked the Canadian government to re-equip the other four squadrons with CF-105 Avro Arrows, or if not with Avro Arrows with some such effective, high-altitude, all-weather interceptors?

Let us remember that strength created through NATO continues to be the guardian of peace. Let us remember that our soldiers, sailors and airmen remain the guarantors of our freedom. We have moved a great distance since the alliance was formed in 1949. Although there are military weaknesses and deficiencies, our strength stems from the fact that 15 countries have joined together in a common cause. Our objective should be to ensure that there are sufficient NATO forces in being to be capable of dealing with both nuclear and non-nuclear situations. They need not be massive but they must be strong enough to deal decisively with any attack short of the unmistakable deliberate all-out aggression. If we fail in this objective we

face the alternative of accepting defeat on the narrow ground of the enemy's choice or risking a general holocaust.

The third sphere of Canadian participation is its contribution to the United Nations. As mentioned by the leader of the Liberal party in his address this morning and this afternoon, Canada should take the initiative in providing a brigade group as a nucleus for a United Nations permanent force to be made available to the United Nations on a request by decision of the general assembly. If we can learn anything from history, it is that situations have risen, and are likely to rise again, where such a force and such a force only would have the prestige and moral backing to prevent outbreak of hostilities in a troubled area. It is a suggestion which should be borne in mind and supported by the government and the people of Canada.

The question naturally arises, how is Canada with its limited resources going to be able to pay for the cost of participation in these three spheres? Anti-missile missiles, atomic submarines, manned interceptors, air portable brigade groups, these are all expensive. If one examines the figures more closely however, it is obvious that we could do all these things, phased over a period of years, with approximately the same annual expenditure as in the fiscal years between 1955 and 1958.

Canada has always been proud to do its share, even eager to do its share. Our defence expenditures, as a proportion of governmental expenditures, have been declining. Similarly, defence expenditures, as a proportion of the Canadian gross national product, have been getting smaller. There has been a suggestion that we are not able to do as much in the future as we have been doing in the past. This contention, of course, does not hold water if analysed. During the years of our heaviest defence expenditures Canadians enjoyed a high standard of living. We enjoyed relatively full employment and in most of those years the federal government had a budgetary surplus available for reducing Canada's debt. We have not really made any sacrifice.

The question has been asked, "What have we to show for all of the money that has been spent?" The answer is, of course, that in addition to those permanent installations which are still of value and to the defence and technical industry which has been built up, the most important, indeed the only important consideration is that our house is still standing. A person who has paid fire insurance premiums for years without the necessity of a claim does not expect a return of premiums. He rejoices in the fact that he has been spared a holocaust and is happy to have paid the small amount for the security and peace of mind provided.

Actually, when speaking about cost, one remembers that through the inefficient use of our manpower and other resources we have lost through unemployment in the last two years enough total production to have continued with the Avro Arrow program, balanced the national budget and have something left over to assist at home or abroad.

The Deputy Chairman: Order. I am sorry to advise the hon. member that his time has expired.

Some hon. Members: Go ahead.

The Deputy Chairman: Is it the wish of the committee to give unanimous consent to the hon. member to continue?

Some hon. Members: Agreed.

Mr. Phillips: Read a little faster, please.

Mr. Hellyer: I appreciate the indulgence of the committee, especially that of my hon. friend.

Mr. McGee: Speak instead of reading.

Mr. Hellyer: I will do that after supper. In the meantime, I invite my hon. friend to rise and participate in the debate. I think that someone on the government side in addition to the minister should show an interest in this important and far-reaching subject.

Mr. Nesbitt: The minister knew what he was talking about.

Mr. Hellyer: We should apply the positive utilization of our resources and not shrink from our responsibilities.

The truth is, Mr. Chairman, we can well afford to do as much as we have in the past and without sacrifice. What remains to be done is to work out and insist upon a proper sharing of defence production and responsibility between the several members of the NATO alliance. The case has been well stated in an editorial which appeared in the *Globe and Mail* on Saturday, November 1, 1958, entitled "Sharing the Work". It states what we all know to be the fact. This country is well able to manufacture most of the new weapons; or at any rate, component parts thereof. All that is needed is United States permission. We must agree with our allies that we shall produce some piece or pieces of military hardware required by them, and produce it in quantity. We will then be in a position to exchange our production for the various other weapons required to equip our forces. In this way we will not only be able to hold our heads high, knowing that we are doing our full share, but we will be able to take comfort from

the fact that such arrangement would permit the efficient utilization of productive capacity throughout the alliance—more defence for the same cost.

Defence is not a permanent solution to the world's problems. I cannot close without referring to the statements put forward in good faith by many of our church leaders in this country and by many editorial writers. They have taken the attitude that our contribution is not a significant one and that we should not continue to do as much in defence as we have in the past. Historically, Mr. Chairman, we learn the lesson that people living in a world where moral principles are not applied have to suffer the consequences. It is not too many years since the great depression, a time when we were burning food, when we were pouring milk down the drain, when we were killing little pigs to keep them from becoming a surplus on the market, and this when people were starving and others were going to bed at night hungry. We cannot continue to survive in a world where we do not accept our responsibility toward our fellowmen. We must apply moral principles in a world governed by moral law.

In the meantime, all I am suggesting is that, by our defence efforts in a collective alliance, we can buy time and continue the military stalemate, and with this time, if we take proper advantage of it, we can solve the problems of our own country and of the world in which we live. We can make our own system sufficiently attractive that it will command not only the confidence of our own people but will deserve emulation by others in the uncommitted parts of the world.

We have to learn to overcome the situation of chronic unemployment. We have to produce as much as we can and to make part of our surplus production available to less fortunate peoples in other parts of the world. If we do this, if we apply ourselves to the solution of problems which previously have not had the attention they deserve, then our money spent on defence will in fact have been well spent and the day will come more quickly when by universal agreement we can come together with persons all across the world and write a disarmament agreement which can be enforced and which will ultimately allow a lesser expenditure by people on both sides of the iron curtain. In the meantime, I feel that we must keep our defences strong because only under the shield of strength can our diplomats and we as people interested in solving world problems make the progress necessary to effect lasting world peace.

Mr. Carter: Mr. Chairman, the estimates now before the committee represent the largest and most important single item of government expenditure. The minister informed us this morning that they total $1,680 million and represent five per cent of our gross national product and 27.3 per cent of our tax dollar. It is obvious, therefore, that these expenditures are important. They are important not only on account of their magnitude but because they are related to our very survival. Survival implies attack and we must not let these huge expenditures, this great emphasis on military defence, blind us to the fact that there are other threats to our survival just as deadly and perhaps even more dangerous.

This morning my leader referred to political attack, economic attack, psychological warfare, and to those I think we can also add ideological attack because that too, although much confused with the others, is something quite different. Attack by the enemy's armed forces is probably the last resort because he relies mainly on his other forms of attack to attain ultimate victory. He will use his armed forces only if all other forms of attack fail, and perhaps this great effort in military defence may really turn out to be not only the most expensive but perhaps the least effective.

A national defence policy must, therefore, take into account these other threats, and military defence must be developed in conjunction with other measures to ensure economic and ideological defence as well. Military defence, must of necessity be developed within the framework of what we can afford without danger to our economic structure. That amount is a finite sum and so we are posed with the problem of dividing that sum between our NATO commitments and home defence.

The minister told us this morning that we are passing through a transitional stage. Technological progress is advancing at such a rapid rate that conventional weapons, manned aircraft, the bomber and so on, are gradually being phased out and pushbutton weapons such as missiles are gradually being phased in. Under these conditions our economy will not permit us to go into the fields of nuclear weapons, intercontinental ballistic missiles, anti-missile missiles or even ballistic missile early warning systems. For that reason we must depend upon collective security. We must depend for our protection upon the nuclear deterrent of our great neighbour, the United States. We must depend also on the integrated and balanced forces of our NATO allies.

I think, apart from the policy we have at the present time, that the question in people's

minds today is, what should the policy be during the transitional stage which will perhaps be with us for the next two or three years during the missile gap? What will it be when the missile age has become completely established? What will be the effect of these different stages upon our defence industry and, above all, how can we get the best for the little we can afford?

I think hon. members will realize that never at any time has there been a total defence. Always the enemy has been able to get through and we must ask ourselves what other defence is worth while if we cannot have a total defence in a nuclear age. If some of the enemy are going to get through, and that enemy is going to deliver atomic warheads, what does it matter if we shoot down 85 or 90 per cent when the other 10 per cent that gets through, in all probability, will be sufficient to destroy us? I think we should be asking ourselves, is the money that we are spending today for ground defence going to be effective? Are we just going through the motions and trying to keep up appearances? If we face the question honestly, is it worth anything at all in terms of defence? I believe that is the fundamental question in the minds of many Canadians today. It is one that deserves an honest answer because there are many things that can be done if our main protection depends upon a nuclear deterrent.

There is a danger, I feel, in the development of a defence psychology, not only in Canada but also in NATO. We know that the best defence is attack. While we are not an aggressive nation, and while NATO is not an aggressive organization, yet there is no reason why we should not take the initiative in as many ways as possible while relying on the nuclear deterrent capacity of our allies.

Coming nearer to home, I think the question in our minds respecting our various armed services is, what will be their particular role? This morning the minister gave us a very clear-cut picture of the role of the navy. The navy's role is anti-submarine operation. We have developed in that field destroyers of which we can be justly proud. At the same time we must realize that technological advance will make these obsolete. Already we have heard that the best anti-submarine weapon is another atomic submarine. I suppose this raises the question, first of all, whether we can afford to develop or purchase nuclear powered submarines, and if so to what extent we should do that.

When we come to the role of the army and of the air force, the picture is not nearly so clear-cut as it is in the case of the navy. We are told that the army's chief role will be to carry out survival operations. I think the term "survival operations" in the minds of many people is associated with the operations of civil defence. I should like to support the suggestion made by my leader this morning that we should have an attack formation, a brigade group of highly mobile paratroopers, fully trained, and which could be moved from any point in Canada to another to deny our land to enemy forces. If we are going to be realistic about this, and if a war does break out, Canada, of course, will be the no man's land. Even the tremendous advance in technological progress has not made the foot soldier obsolete. Even when atomic weapons were used in the last war the infantryman had to come in and take over the subjugated territory.

I cannot envisage any situation, even in the future, where an attack is made in which the enemy forces will not have to be consolidated and in which they will not have to take physical possession of the territory. I think if we are realistic we will realize, too, that Canada is not the prime target. The main objective of the enemy, and there is only one enemy, is our neighbour to the south. In order to take possession of a country of that size the enemy will require some territory in which he can assemble his formations, consolidate his supply lines, and he will require to use that territory as a base of operations to take possession of the country which has been devastated by nuclear attack. Canada is a very suitable country for that with its sparsely scattered population and wide open spaces. Surely we need forces in being to prevent the enemy from getting a foothold in our territory. In my opinion, this is something outside a role which could be included in the term "survival operations". We need, I think, a hard-hitting mobile formation which will be equipped with the best weapons we can give them and which will be effective in preventing any enemy from getting a bridgehead on our soil.

The role of the air force, I think, is going to be very doubtful. I was glad to hear the minister announce this morning that in Europe the air force would be utilized in tactical support of ground troops. Under conditions which I have just mentioned, we would need something like that here in Canada as well. I mentioned earlier that there were other forms of attack, and of course we are well aware of the economic attack. It would be foolish for us to build up defence expenditures which would undermine our economy and cause it to collapse, because that is a prime objective of our potential enemy

and one that he hopes to attain. He hopes that it will not be necessary to use armed might at all because by forcing us to spend more and more money on defence equipment and establishments he will eventually ruin our economy and we will fall an easy prey.

There is a psychological attack that is going on at the present time, and it is going to continue until this struggle, which is a global one, is finally resolved one way or the other. This other attack that I am referring to is designed to destroy our will to survive, our will to fight back. On several occasions when the defence estimates have been before the house I have referred to the need for ideological training, not only for the armed services but for all the people of Canada. This is something which is not very costly—it will cost us hardly anything—but it is something which is essential because without it all these other millions of dollars we are spending will have little effect. A few dollars spent or even a few hours put in on ideological training will have the effect of an insurance program to ensure that the moneys we spend on other phases of our defence will not be wasted.

The militia is to be the backbone of our civil defence structure, and the militia is a particularly fine starting place to develop ideological training. That involves not merely religious training. It is not merely a matter of morale. It has been interpreted in some ways that this ideological training is just something to keep up morale. It is much more than that. That is the one phase where we have not begun to match the soviet. They have an economic attack; they have military forces; they have economic forces. They have mobilized all of these. But in addition to these, they have psychological and ideological thrusts which we do not have at all. Until we begin to think in those terms and to take the initiative, we cannot ever hope to match their efforts and they are fully justified in thinking that if they can get us to believe in coexistence long enough so that their other attacks can bear fruit, the ultimate victory will be theirs.

I would ask the minister again to give this matter serious thought. What I have in mind is not just a padre's hour where a soldier or serviceman goes to the padre with some personal problem involving domestic affairs or even morals. It is an understanding and an evaluation of the principles and the values upon which our way of life and our institutions have been developed. It is even more than that. It is a commitment to live them out and that is where we fall short of meeting the communists. They live out their ideals and we do not. Until we match them in that respect most of the money and the effort that we put into other phases of our defence are not going to be fully effective.

Mr. Hellyer: Last September, Mr. Chairman, the Prime Minister made an announcement which told Canada that the Avro Arrow interceptor plane would be continued until March 31 next, at which time the programs would be reviewed in the light of events—

Mr. Pallett: That statement is not accurate.

Mr. Hellyer: —existing at that time. Newspaper reports varied in their interpretation of this announcement. Many accepted the Prime Minister's statement as being a warning that the program would in effect be cancelled on March 31. Others took it at face value that the program was to continue and that a re-evaluation would in fact take place as indicated.

During that period of time the Minister of National Defence made repeated efforts to try to sell what appeared to be a remarkable aircraft to some of our NATO allies. In the debate which took place in this house earlier this year, he told us that even after the turn of the year efforts were made to sell to the British, and that it was only in January that the British finally indicated that they had no requirement for it. Similarly he advised the house that only in December did he get a final turn-down from Mr. McElroy, the secretary of defence of the United States. During this period there was unfolding a drama which was interesting to the Canadian people and, which affected directly our defence effort and the lives of thousands of Canadian taxpayers. Then in February, when the Prime Minister entered the house on a Friday morning, without any notice he announced to the house and the people of Canada that notwithstanding his statement that the program would continue until March 31 of this year, it was to be cancelled forthwith.

Mr. Pallett: Get your facts right.

Mr. Hellyer: You can check them later yourself. As I was saying, the announcement was made that the program was to be cancelled forthwith. Telegrams went forth that day from the Minister of Defence Production advising that production of the Avro Arrow aircraft, the Orenda engine and all its components should cease immediately.

In the debate which took place in the house there was, in the statements of the Minister of National Defence and of the Prime Minister, a curious mixture. First they would tell us that the plane had been overtaken by events; that it had been outpaced by the development of missiles, that it would no longer be required in the concept of North American defence. A moment later we would

be told that the cost was too great, that it was an expensive aircraft and that because of the huge sums involved the government could not recommend proceeding with it. Never at any time was it clearly and categorically stated whether the decision was in fact strictly a military one or an economic one or a combination of the two.

However, we had a clear indication that manned interceptors would not be required and that they would in fact be replaced in the Canadian defence concept by the Bomarc missile and that we would place our reliance on that missile. Events which have taken place since then certainly lead us to wonder about the rightness of that decision. We have to go back and examine the decision in the light of events which have taken place since then.

At the time the Prime Minister entered the house we stated that we did not have the facts and information on which to judge. Information was not made available to us and we had to accept the word of the Prime Minister and of the Minister of National Defence that it was no longer required. We did, however, object very, very strenuously to the way in which the decision was announced, the fact that it was done brutally, with callousness, and that thousands of people were laid off work without any notice or consideration whatsoever. We complained bitterly to the government which had made a decision of this importance without having planned in advance any alternative. The announcement which was made today to re-equip the air division could have been made at the same time if the government had applied itself to the problems which it had to face, and if it had spent the time last fall giving effective consideration to serious problems instead of half the ministers spending their time circling the globe making friends and influencing people in other countries.

It is necessary for us to look at the evidence which has been made available to us since the announcement on that Friday morning in February. We have to call in witnesses. We do not have direct evidence from our own government. We have to call in witnesses to decide whether in fact the manned interceptor is still required in the concept which this government has no later than today told us it still subscribes to, a concept of protecting the deterrent presently in the hands of the strategic air command of the United States of America. If this government subscribes to the theory of protecting that deterrent, it has also told us it subscribes to the theory espoused by the United States of defence in depth, the North American defence in depth. If it does not subscribe to that theory it would have told us today.

Are manned interceptors required within the United States concept? Yes. Who are the witnesses we call in? Well, we have a wide variety of witnesses. The first witnesss we call is Air Commodore J. A. D. McCurdy. I would like to read a paragraph from the *Globe and Mail* of May 22, 1959, which is as follows:

> The man who 50 years ago inaugurated powered flight in Canada, Air Commodore J. A. D. McCurdy, today said the manned fighter aircraft will continue for some years to come to have a place in warfare.

Of course, the minister may reply that Air Commodore McCurdy has not been active in military affairs for a number of years and that this is just his expression of personal opinion. Then we have to call other witnesses, and the next witness is General Partridge, retiring commander of the North American Air Defence. He is reported as having said this, as recorded in the Toronto *Telegram* of May 5, 1959:

> We must not only maintain the defences against bomber attack which we have today but we must also improve those defences so we can counteract a supersonic attacking force.
>
> We must continue to have an interceptor force capable of intercepting anything which flies in our direction . . .
>
> Our present intelligence estimates are that . . . in a few years they (the U.S.S.R.) will have a supersonic rather than a subsonic bomber force.

A supersonic bomber force to be met at the first stage of the defence in depth by manned interceptors. By what manned interceptors? The obsolete CF-100?

What other witnesses do we have? We have as witness Air Marshal Slemon. Air Marshal Slemon—he was the only witness who was available to us at the time the decision was announced in this house—is reported as having said at Colorado Springs:

> For as long as we can foresee we must have an effective defence against attack in space—from manned bombers or other weapons travelling in the earth's atmosphere.
>
> For this purpose we must have both manned interceptor and ground-to-air missiles.
>
> In "fringe areas" of the defence system—and Canada was a fringe area—there was a need for long range interceptors to engage hostile invaders as far from populated areas as possible.

That is Air Marshal Slemon.

Another witness, General Curtis Lemay. This report appears in the Ottawa *Citizen* of April 22, 1959 where General Lemay is quoted as having said:

> Our ballistic missiles have not yet demonstrated the type of reliability or accuracy which is required to ensure the most effective use of the relatively small yield warheads which they carry.

Later he went on to say:

Even after missiles achieve the reliability and accuracy they now lack, Lemay said, there will always be a requirement for a mixture of manned and unmanned weapon systems.

Another witness we have is Mr. McElroy, the United States secretary of defence. Mr. McElroy told the defence appropriations committee of the United States congress that because the Russians are maintaining an inventory of manned bombers and because they are reported to be building a new supersonic manned bomber, manned interceptors will be required in North American defence for as many years as they can at present foresee, at least for the next five or ten years.

Then a witness from outside this continent, from the British ministry. This is a quotation from an article appearing in the Ottawa *Journal* of May 22, 1959:

Although missiles are gradually taking over as Britain's chief air weapon, the end of the manned fighter era is nowhere in sight. In fact, say defence ministry spokesmen in London—

The Deputy Chairman: Order. It being six o'clock I do now leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Hellyer: Mr. Chairman, at six o'clock I was discussing the Avro Arrow and the reasons why it had been cancelled. I had brought forward the evidence of a number of experts who all declared that manned interceptors would be required for a number of years to come. The evidence is overwhelming that manned interceptors are in fact a continuing requirement for the protection of the North American deterrent. If that is so, this question immediately arises: Why was the Avro Arrow cancelled?

In response to the question as to whether or not it was a good aircraft, let me again call Air Marshal Slemon as witness. I quote again from the same press conference at Colorado Springs to which I already made reference:

Choosing his words carefully, and with NORAD commander-in-chief General Earle T. Partridge standing at his side, Slemon said that if the CF-105 is put into operation it will be the best interceptor available for air defence of the continent until the U.S. F-108 is in operation five or six years hence.

We have been told a number of times that Canada cannot afford to do everything, yet here is a case where the one thing we were doing was the best in its field. No one has ever told us that it was not the best manned interceptor available to the western world. And yet, when we were out front, when we were pre-eminent in a specific field, at a time when we had the best our government decided to cancel the thing which we had demonstrated we were able to do best.

No satisfactory explanation of the reason for the cancellation of the Arrow has ever been given. As I said, the statements made in the house by the Prime Minister and the Minister of National Defence were a mixture of military rationalization and a discussion of economic cost. The only conclusion to which we can come is that the Avro Arrow was scrapped because of the impossible financial position into which this government plunged the Canadian economy. The only other reason that has ever been adduced has been that there was some difference of opinion between members of the government or the Prime Minister and some members of the Avro company itself. We sincerely hope, now that heads have rolled, this reason will no longer be valid and that the Avro company will have an opportunity to produce an aircraft to re-equip the air division, and that the innocent victims who are at present not working in the Toronto area will have the opportunity to go back to work and to take their place as productive men and women in the Canadian economy.

What have been the Canadian losses as a result of this cancellation? They have been tremendous. We have seen the disintegration of a great industry which was built up over a decade. We have seen the disintegration of one of the best design teams in the western world. What has happened to it? Many of these scientists and engineers have gone back to the United Kingdom—

Mr. Speakman: Good.

Mr. Hellyer: One of the Conservative members says, "Good". Apparently he does not regret the loss to Canada of the training, experience, knowledge and skill of these people who have contributed so much to the industrial development of this country.

Mr. Speakman: They were interested only in the money they could make.

Mr. Hellyer: My Conservative friend states that they were interested only in the money they could earn.

Mr. Speakman: That is right.

Mr. Hellyer: They came to this country to establish themselves. They believed in this country and thought their talents could be utilized in the building up of this young, dynamic nation which they thought was going somewhere—

Mr. Speakman: It is.

Mr. Hellyer: —in terms of economic development and status among the nations of the world.

Mr. Speakman: It is the best country in the world.

Mr. Hellyer: They hoped to bring up their children in Canada to enjoy its great future. I do not see that they could reasonably be blamed for this. All of our forefathers from the great mother countries came here for precisely that reason. I do not think there is anything wrong with people coming to Canada to join us in the development of this large but yet young country.

We have been told that approximately 2,500 of these people have gone back to the United Kingdom. This represents a capital loss which can only be estimated in the hundreds of millions. We are also told that most of the Canadian born engineers, scientists and technicians who are not still employed at Avro have crossed the border into the United States. This is another great loss to our country. Something more than the Avro Arrow has been killed. The cancellation of it has killed the hopes and aspirations of countless thousands of people—

Mr. Ricard: Can you name one of them? Can you name one who has gone across the border?

Mr. Hellyer: If the hon. member wishes me to give him a list I can give him a list of hundreds.

Mr. Ricard: Let us have it now.

Mr. Hellyer: I shall be pleased to provide it.

Mr. Ricard: Let us have it now.

The Deputy Chairman: Order.

Mr. Hellyer: In addition, the cancellation of this project represented to many thousands of young Canadians the bursting of the bubble, the disintegration of their dreams and visions of a greater and growing Canada.

Mr. Ricard: You have not answered my question.

Mr. Hellyer: They have lost faith in the destiny of this country.

Mr. Ricard: You have not yet answered me.

Mr. Hellyer: I can mention one name for my hon. friend, that of Mr. Floyd—

Mr. Ricard: You said hundreds or thousands.

Mr. Hellyer: But you just asked for one name.

Mr. Ricard: I asked for all of them.

[Mr. Hellyer.]

The Deputy Chairman: Order. The hon. member for Trinity has the floor. If any hon. member wishes to ask a question, he should rise in his place and request permission of the hon. member who has the floor to do so.

Mr. Hellyer: As I have said, the losses to this country have been most substantial and the greatest of these have been in the fact that people have gone from Canada and people have lost faith in this country. As my leader said earlier today, immigration has been slowed down as a result. As a matter of fact we now need a minister of emigration because half as many people have gone back to the United Kingdom as have come here—

Mr. Speakman: Nonsense.

Mr. Grafftey: Stick to your text.

Mr. Hellyer: Someone says, "Nonsense". That is a plain, unadulterated fact.

Mr. Speakman: Canada will be the greatest country in the world.

Mr. Hellyer: It will be in three years when we have another change in government.

Mr. Ricard: You will not be here to see it.

Mr. Hellyer: After the cancellation was made and the dreams and hopes of thousands of people had been shattered, what happened? Following this, one would have thought the government would want to minimize its losses to the greatest possible extent.

Mr. Speakman: The government had no losses.

Mr. Hellyer: One would have thought the government would want to do everything possible to recover as much of the accumulated skills and knowledge from this project as could be recovered. Was that the case? Let us examine the facts.

At the time of the cancellation there were five aircraft airworthy, or almost airworthy, and a sixth which was to be the first aircraft equipped with Iroquois engines which could have been ready to fly within a matter of a few weeks. What has been the disposal of these aircraft? Were they offered to any of our allies to be made available for testing? This is something the minister should tell us. Did the Canadian government offer to give these planes to any of our NATO allies if they would use them for the accumulated benefit of the western alliance? Were any requests made that they should be made available? Did the Canadian government itself not consider the possibility of any use to which they could be put? What about the radar lines? Could they not have been used to test our radar defences? Could they not have been used in obtaining for us greater

knowledge of supersonic flight, metal fatigue and much other scientific information which would have been of great value to us not only in the military field but, later on, in industrial fields as well?

An issue of *Aviation Studies* published by the S.B.A.C. in England, last fall said of the Arrow:

> Canada owes it to the free world to put into production the Arrow aircraft, the most advanced interceptor in the western world.

But it was not. The royal aeronautical establishment in Great Britain is the centre of design and development in the aircraft industry in Great Britain. It is similar to N.A.S.A. in the United States. We are told that shortly after the Arrow cancellation in February, when it became known that we had no use for the aircraft we had already built and successfully flown, the royal aeronautical establishment requested that these aircraft be made available to it for testing purposes. We would like the minister to tell us whether there was in fact a request that these planes be made available, and whether in fact the Canadian government offered to make them available to the royal aeronautical establishment.

Mr. Pearkes: Do you want the answer now?

Mr. Hellyer: Yes.

Mr. Pearkes: Yes, they were, and they refused to take them.

Mr. Hellyer: You offered to make them available to the royal aeronautical establishment at no cost?

Mr. Pearkes: I say they were offered to the royal aeronautical association and they declined to accept them.

Mr. Hellyer: What were the terms upon which they were offered?

Mr. Pearkes: You had better ask the Minister of Defence Production that because, as you know, they are turned over to him for disposal.

Mr. Hellyer: We will be pleased to ask him that when his estimates are before this house in a day or two. What was the ultimate disposal? You would think the Minister of National Defence would know. He is a member of the cabinet which would have to make the decision as to what would have been done with those things, and some of us can hardly believe that the ultimate disposal would have been decided upon if it had not been discussed by cabinet.

What happened? First of all, the production line was cut up with acetylene torches to make sure it could not possibly be revived. Then, after repeated requests of the opposition that No. 6 be completed and test flown to see what its capabilities were, and after being turned down repeatedly we were told that No. 6, too, was cut up with acetylene torches and that a stench like death descended upon the whole Avro aircraft plant. Then, there were the five which were airworthy. We made the suggestion that some useful purpose be found for those; that they be used here in Canada for testing; that they be made available to one of our allies. What happened? Were they? No. They have been cut up, or are in the process of being cut up with the same acetylene torches, and are being cut up for scrap.

This, indeed is a shameful and a sorry thing for a great Canadian project. What a lack of imagination on the part of our government! What a lack of responsibility! First, to kill a great project and then to see that none of the accumulated benefit which was available was salvaged from it. It is little wonder that many thousands of Canadians have, since the date that the Avro Arrow was cancelled, decided that the government acted in haste and without due consideration for the consequences.

Now, we have the sorry thought of the CF-105 being replaced by other interceptors in Canada, either being flown by Canadians or by Americans. We were told at the time of the cancellation that our allies would not buy the Avro Arrow. We suspect the minister went to Washington and said, "You would not like to buy our Avro Arrows, would you?" When we were down there talking to them they laughed at us and said, "Would you expect us to buy a plane which had not been put into squadron service? Would you expect us to make available to our allies in Europe through mutual aid a plane which the Canadian government did not have enough confidence in to go ahead and produce?" There was no answer, no reply which I could give to their inquiry. Just as with the CF-100—we eventually had a market made available to us because it was a successful aircraft and it was available—now we have every confidence that if we had gone ahead with the production of the Avro Arrow we would have been able to sell it to some of our allies.

Mr. Ricard: To whom?

Mr. Hellyer: To one of the NATO countries, in the same way as we made available the CF-100. The hon. member should read his ancient history and get up to date before he starts to make interjections in this house.

Mr. Ricard: Who?

Mr. Hellyer: When the Avro Arrow was cancelled Canada lost its leverage. Since then we have been the weak sister in the NORAD alliance with the United States. We have lost the leverage we had in dealing with them. I was told that if we had gone ahead with the production of the Avro Arrow there was a possibility, depending on what the Russians would have built by way of supersonic bombers, that had the United States been able to buy this aircraft off the shelf they might ultimately have ended up by recommending the discontinuance of the 108 project. I do not know whether this is so, but I doubt whether the minister or the government went into these things fully.

Mr. Bell (Carleton): Who told the hon. gentleman that?

Mr. Hellyer: I am not going to tell the hon. member my source of information.

Mr. Ricard: The hon. member cannot prove it.

Mr. Hellyer: He does not tell me his. What is more, I have no faith in his. Some of mine are most reliable.

Mr. Chevrier: Hear, hear.

Mr. Hellyer: We lost our leverage; we became second-class citizens in NORAD when we cancelled this great project. Had we continued our leverage might have enabled us to swap either aircraft or engines with the British for atomic submarines; it might have permitted us to swap Iroquois engines with the French for mirage strike fighters; it might have permitted us to exchange Avro Arrows and/or their engines to the United States for missiles and ultimately anti-missile missiles which we may require; but in one fell swoop we lost our bargaining power, we lost what we had built up, namely the leverage to negotiate with our NATO allies and particularly with the United States.

In conclusion, Mr. Chairman, I think history will record that this was one of the worst decisions ever made by a Canadian government. Economically, they say, we could not afford the cost. The sum of $750 million is the figure that we are told we would have had to pay out.

Mr. Ricard: Is that the opinion of your party?

Mr. Hellyer: In February of this year we had hundreds of thousands of people unemployed in this country. Under those conditions, if we had gone ahead with this project—

Mr. Ricard: Is that the opinion of your party?

[Mr. Ricard.]

Mr. Hellyer: Under those conditions—

Mr. Ricard: Answer or desist.

Mr. Hellyer: —if we had gone ahead with construction of the aircraft it would have generated in additional gross national product over the period of time in which it was in production at least twice that amount. If my hon. friend thinks he can contribute to the debate he should intervene with some sensible remarks after I am finished.

The Deputy Chairman: Order. I am sorry, I must advise the hon. member that his time has expired.

Mr. McGee: Now that he has resumed his seat will the hon. member permit a question? Did the hon. member happen to read the report of the estimates committee of last summer, of which his leader was a leading member, in connection with the decision to cancel the Arrow?

Mr. Hellyer: Of course, Mr. Chairman.

Mr. Winch: I should like to ask a question of the Minister of National Defence because it deals with an explanation of policy which I know he will understand. I would be very appreciative if the Minister of National Defence would comment on this. In view of what he had to say this morning in his presentation about the fact that there will not be any defence against the intercontinental ballistic missile, for a number of years to come at any rate, and that there is still a danger and a possibility and the potentiality of an attack by manned bombers of a supersonic nature; in view of the fact he has announced that Canada, having no defence against the ICBM, is going to instal the Bomarc which, if proven, is only a defence against bombers; in view of the fact he has announced that we are going to buy fighter airplanes, to be made partly in Canada, for the re-equipment of our force in Europe; in view of the fact that everything he has said is based on a manned fighter project, then on what basis was the CF-105 cancelled, which was a manned fighter or interceptor? Would the minister be kind enough to tie all these statements together and make one sensible statement out of them?

Mr. Pearkes: Yes, Mr. Chairman. A number of questions were raised during the debate this afternoon and perhaps I can answer them briefly. If further information is required I will be happy to give it when we have that information available and the officials are here with their books.

I must first of all express my appreciation to the Leader of the Opposition for the thoughtful and valuable contribution that he

made to the discussion. He opened his remarks by referring to the threat and amplified remarks I had made previously regarding the threat. In substance his remarks and mine were similar. We both agreed that for the immediate future the manned bomber was the main threat. We both agreed that it was a diminishing threat and that as the years went by the intercontinental ballistic missile would become more and more the primary threat. He painted, and I must agree with him, a terrifying picture of what might happen if this country were ever attacked with nuclear weapons, either missiles launched from submarines or fired from bombers. Peace, as he said, or words to this effect, is being maintained at the present time by the mutual fear of destruction.

We recognize, and I stated this morning, that at the present time there is no defence against a missile once that missile has been launched. Therefore we must do everything possible to prevent these missiles being launched. Until some more satisfactory arrangement can be made, the aim of the west is to retain a strong force of retaliation so that any would-be aggressor will recognize the fact that if he started a war his fate would be sealed in that our forces of retaliation as they are at the present time are adequate to bring about the total destruction of any would-be aggressor. I believe they have enough sense that they are not going to rush headlong into aggression.

These powers of retaliation have to be effective and Canada recognizes, as the Leader of the Opposition pointed out, that one of our main contributions as far as the air defence of this continent is concerned is that of the security of the forces of retaliation. We are providing that security in two ways; first, by maintaining and improving the warning system which was started a number of years ago and year by year has been strengthened and developed, an adequate warning system against any bombers that the would-be enemy might have at the present time. As I explained this morning, these warning systems are being developed so that shortly they will be able to track and locate missiles which are flying high in the atmosphere, thus giving warning to the forces of retaliation so that they may move from their air bases.

In addition, we are maintaining forces which will be capable of destroying bombers that may be sent in conjunction with any missile attack which is launched. We are providing that by two systems of defence, first, interceptors and the second line, if you like to call it that, being an interlocking chain of Bomarc batteries stretching across the continent from the Atlantic to the Pacific. The Leader of the Opposition suggested that the interceptors should be based as far north as it is possible for them to go so that they may engage hostile bombers in the unsettled part of northern Canada.

Mr. Benidickson: I hope not in Northern Ontario.

Mr. Pearkes: That we would like to do, but the present interceptors have to be controlled, if they are to be really effective, by radar ground environment. A few years ago that was pushed as far north as it was considered practical to do so. The Pinetree line was established. Steps are being taken this year, as I announced this morning, to push some of these major radar stations farther north.

There has been talk about the projected United States air force interceptor, the 108. That will be, if it is finally developed, a very expensive aircraft equipped with its own radar installation and it will be able to operate farther north and independent of the ground radar establishments.

At the present time we have an adequate defence if you take into consideration that portion of the continental defence which is being provided by Canada as well as that portion which is being provided by the United States. It is an adequate defence against the threat of today. That defence will be improved steadily year by year and I believe it will keep pace with the threat that can be expected from Russian bombers for several years to come.

I repeat that the Bomarc and the interceptor are no defence against the missile. We shall have to wait several years yet before there is an adequate defence against the missile once it has been launched. Therefore, we must place the emphasis on the powers of retaliation, principally represented by the bombers of the strategic air command of the United States air force, and it is imperative that we make those bombers of the SAC command as secure as is possible.

The Leader of the Opposition spoke about the fear that we might be developing a fortress America complex as opposed to an Atlantic or NATO complex. This morning I gave some figures regarding the functional division of the estimates for this year. If you will refer to the remarks I made this morning you will see that 21 per cent of the funds requested in those estimates are to be devoted specifically to NATO defence. whereas for the defence of the Canadian-United States region, including all the army field forces in Canada, 23.8 per cent. Now, those figures were arrived at before the decision was reached to re-equip the air division, and as the re-equipment of the air

division will cost several hundreds of millions of dollars, you will see that there is not very much need to fear we are adopting a fortress America complex as opposed to supporting our NATO allies.

As I mentioned, the 23.8 per cent which is included for the defence of Canada and the United States regions, includes all the costs connected with the army field forces here in Canada. They consist of three brigade groups, as shown in the white paper; one stationed in eastern Canada, one in central Canada and one in western Canada. These troops are available for any purpose for which they may be required. They are trained to replace and rotate with the brigade group which is now in Europe. They are field forces and are trained as such. If there were a need for them to be sent on any mission to support the United Nations, they are available for that or any other purpose which may be required in connection with defence.

In so far as making these forces airborne is concerned, at present that is beyond the capabilities of our resources. We are strengthening our air transport command, as has been indicated clearly in the white paper. We are going ahead with 12 aircraft of the CC-106 type, some of which will be completed this year. There is a provision made in these estimates for an expenditure of $48 million, as shown in the white paper. There is also, as explained in the white paper, provision for $13 million for the medium transport, the 109, of which 10 are being built this year. In addition to that, although its major role will be that of search and rescue, the new Albatross aircraft also has considerable troop carrying capacity. We should be able to move one battalion, with its equipment, in the very near future.

When it comes to a question of moving a brigade group of approximately 5,000 or more men, with all their equipment, that would run into perhaps 200 aeroplanes and we have not got them at the present time. However, there is no indication that the United Nations are anxious to go ahead and establish a United Nations police force. As hon. members will recall, the Prime Minister himself several years ago, when he was on the other side of this chamber, advocated the formation of a United Nations police force. He has repeated that statement several times since. We are prepared to go ahead and make our contribution to a United Nations police force if and when the United Nations requests us to do so.

There has been a good deal of talk about the Bomarc. The United States is going ahead with Bomarc installations. As I have said, there will be a general interlocking of Bomarc stations along the Canadian-United States border. There has been talk about the discussions that have been going on in the United States before some of their senate and congressional committees regarding the relative values of the Bomarc and the Nike-Ajax and Nike-Hercules. I do not wish to comment on these discussions. The situation in the United States is different from that which exists here. We do not have the same policies of development carried out by one service or another. Our development policy follows different lines, and so we escape a certain degree of interservice rivalry which exists.

Never at any time did the administration in the United States consider the replacement of the Nike-Hercules or Nike-Ajax with the Bomarc or vice versa. Each system is complementary to the other. As I described this morning, the Bomarcs are for area defence, sometimes referred to as perimeter defence, whereas the Nike-Hercules is a defence for a point.

Questions were asked about NATO forces. Are our NATO forces balanced forces? This is the aim and idea of SHAPE, to try to have the forces which are in the air or on the ground in Europe as balanced NATO forces. This is one reason why General Norstad recommended to the Canadian government a change in the role of the Canadian air division, because the national air forces are beginning to play their part in Europe, thus relieving the Canadians of that particular air defence role. He suggested that it might soon be time to re-equip some of the squadrons—those which are now armed—with the F-86 and he would like to see Canada providing a strike-reconnaissance element.

Mr. Benidickson: On that point, Mr. Chairman, may I ask this question. Would the minister say that General Norstad first made his recommendation on his visit to Canada recently?

Mr. Pearkes: No. Those things were discussed in December but no firm decision was reached at that time.

The Leader of the Opposition asked for some comment with regard to the state of the provision of the forces by the different nations and whether they came up to their requirements. He knows perfectly well that the national requirements were set out in the secret paper which is referred to as MC-70. Canada is living up to her agreed commitments. One of the requirements of that paper was that in due course the Canadian air division should be re-armed. We are living up to that commitment. As I announced today, the decision has now been taken.

The hon. member for Trinity was suggesting that this decision could have been reached last December. It would have been a different decision from the one which was reached and announced today if a decision had been reached in December and Canada would not have obtained anything like the deal that she has obtained today. As I said in my remarks, it is sometimes better to be a little bit cautious and not to be in too much of a hurry when you are spending hundreds of millions of dollars of other peoples' money, in this case the taxpayers' money.

Questions were asked about tests which had been carried out with the Bomarc. Tests are being carried out all the time with the Bomarc and with other missiles but those tests are being carried out by an ally of ours, not by Canada. Canada is kept fully advised of the results of those tests but the information naturally is sent as classified information. Although there may be newspaper speculation as to the result of some of these tests, I do not feel that I can be called upon to break the confidence of an ally by stating publicly in this chamber the result of those tests. I have said—and I repeat—that to the best of my knowledge the scheduled development of the Bomarc B is proceeding up to date.

The hon. member for Vancouver East spoke about nuclear power and rather suggested that Canada should not employ nuclear weapons. Of course it is government policy that Canadian troops should be armed as efficiently and as effectively as are troops with which they are co-operating. I do not think the average Canadian would wish to see his country's troops sent into action inferiorly equipped.

On February 20 of this year, during the debate which took place at that time, the Prime Minister announced that as far as our troops in Europe were concerned and as far as our air force and troops in Canada were concerned, we were entering into a series of negotiations with the United States in order to arrange the details of the storing of and equipping our forces with nuclear weapons as and when they would be available and as and when we would have the weapons to launch them. By the time we get the Bomarc and by the time we get the Lacrosse over to the brigade and by the time we get the new aircraft for the air division, I am confident that these programs will be completed. Progress is being made with them and as soon as negotiations are completed an announcement will be made and it will be made in this house if the house is sitting at that time.

Remarks were made by the hon. member for Trinity in connection with another matter. I must point out that he was hardly fair when he stated that General Norstad was not allowed to speak or to have a press conference. General Norstad held two meetings of a public character, one in Montreal and one in Toronto. He was here in Ottawa for a very short time because he had to leave that same night and go to Oslo in Europe. He was rather crowded for time, but he gave up his time in order to consult with the government and give his advice which was invaluable to the government in reaching a decision with regard to this re-arming and re-equipping of the air division.

As for General Partridge, may I say this. General Partridge has been here several times and at no time have any orders been issued by me or by anybody else that he was not to see the press. If there were not opportunities to do so, that cannot be helped. However, I do not remember—and I may be corrected in this respect—that either General Partridge or the press asked for a press conference when he was here last.

No instructions have been issued to the chiefs of staff to say that they must not hold press conferences. There are definite orders —and the same orders have been in effect for years and years—as to how officers will conduct themselves and as to the type of information that they can give in press interviews. Generally it is necessary for them to get clearance from a superior officer or, in the case of chiefs of staff, they usually get clearance from me when they give press interviews or make statements to the press.

The Leader of the Opposition referred to the mix in offensive weapons. There is also a mix in defensive weapons. That is why there are various types of defensive weapons.

The Leader of the Opposition referred to a speech which I am reported to have made in Winnipeg a few weeks ago in which I said we had not yet decided on the Bomarc. What I did say was that if the United States stopped developing the Bomarc we would not proceed with the development on our own, which of course is a perfectly reasonable statement to make because we are not developing it and therefore could not go on developing it.

Mr. Chairman, I think that has cleared up most of the questions which have been asked to date.

Mr. Pearson: Mr. Chairman, I would like to thank the minister for having answered so many of the questions which have been addressed to him, if I can thank him on my own behalf. He has, however, in his reply to these questions raised some additional questions in my own mind. I should also point out that there are I think some detailed questions

which were addressed to the minister which he has not dealt with; but I assume there are a great many of these questions of detail concerning the separate services which can be dealt with when we come to the items in the estimates. For instance, Mr. Chairman, we would want to ask a great many questions about the re-equipment of the air division, or part of the air division, in Europe, questions of detail, not so much questions of general policy, and perhaps this may not be the time to ask those questions. As a matter of fact, I think we would like a little time to ponder over the minister's announcement with regard to the re-equipment of this division before we would be in a good position to ask some of the questions we would like to ask.

The minister mentioned one point on which I should like to say a few words. He did not in answering this point deal with what I thought was a very fundamental question going right to the roots of the continental defence policy, namely the validity of this whole concept of Canadian participation in continental air defence as part of a joint United States-Canada effort. At the moment I am not arguing one way or the other whether the partnership, the alliance, or whatever you wish to call it, should devote such a high proportion of its resources to this kind of continental air defence or whether it would not be better to fall back on the deterrent and the protection of the deterrent as the basic concept of defence.

But let us assume that this concept will be carried out by the United States; that is, the spending of great sums of money on the interception of bombers and missiles which may be launched in an attack on this continent, not in the hope—because there is no hope—that they will all be prevented from reaching the continent and dropping their bombs, but in the hope that a high proportion of them presumably can be knocked out of the air as far north as possible. If we assume that this is going to continue to be a major aspect of North American defence—I suggest it is no longer a major aspect of the United Kingdom's defence—is it desirable, and I ask this as a question, that Canada should devote such a large share of its defence expenditure to participation in this North American effort which is, and in the nature of things must be, primarily under the control of the United States?

The minister aroused my curiosity this morning in one part of his statement to which he has not referred tonight, and which I mentioned in my own statement, when he said that in the effort to carry interception as far north as possible United States squadrons may soon be operating off Canadian bases.

Mr. Benidickson: Entirely.

Mr. Pearson: Not entirely.

Mr. Benidickson: No, I am wrong.

Mr. Pearson: There will be United States squadrons presumably operating off Canadian bases. So that means that a new stage in this combined continental defence has been reached where we do not have, as we have had up to the present, a Canadian sector of NORAD with Canadian squadrons operating in Canada and United States squadrons operating in the United States, because up to the present, I take it, there have been no United States interceptor squadrons operating in Canada under NORAD.

Mr. Pearkes: Oh yes. A United States squadron in Labrador is operating under the air defence command of Canada. There have been United States aircraft frequently coming and exercising from Canadian stations. The Canadian sector, as I have pointed out in the past, was only that comprising the area which would be covered by interceptors from the North Bay, St. Hubert and Bagotsville stations.

Mr. Pearson: I appreciate what the minister has said. There have been, of course, United States squadrons operating from leased bases in Labrador and Newfoundland, and there have been United States planes operating by agreement in exercises over Canada. But the minister has taken this development one stage further, and he visualizes the time when more modern United States interceptors than any we have now will be pushed further north to operate off Canadian bases as part of the North American continental air command.

Mr. Pearkes: That is provided for in the NORAD agreement whereby squadrons from either country may operate on the other side of the international boundary on a temporary basis.

Mr. Pearson: Yes, I appreciate that too, Mr. Chairman. What I am trying to get at is this. If this development proceeds in the way I suggest it will proceed from what the minister has said, we will then have in this country nine, I think the figure is, squadrons of CF-100's taking their place in this continental air command, squadrons which will be equipped with airplanes which will be less modern in a year or two because they must be considered obsolete even now, for many purposes at least, and we will have Canadian squadrons equipped with these planes operating with United States squadrons in Canada as a part of NORAD. I ask the minister if the government has considered the desirability—I put this forward merely as a question—of

withdrawing from that particular participation in that kind of continental defence, and of using our resources to give the R.C.A.F. other jobs, other tasks, other assignments which will be effective and perhaps will be more Canadian?

The minister stated a few moments ago that it was not possible—I think he said it was beyond our resources—at the present time to make one brigade group in this country air transportable, or mobile in that sense, because it would require 200 planes. I ask the minister whether the government has considered the desirability of diverting our air effort from the kind of continental air defence I have been talking about to an air effort which would make Canadian brigade groups completely air transportable with Canadian planes?

I would also like to ask the minister what will be the functions of the CF-100 squadrons which will remain as part of the air division in Europe, as part of NATO air forces, and which will presumably not take on the new role which is being assigned to the present F-86 squadrons? Perhaps the minister would like to deal with that now.

Mr. Pearkes: Yes. They will carry out, as I said this morning, the role they have been carrying out in the past. General Norstad still feels there is a requirement for this particular type of long distance reconnaissance interceptor and he would like to keep the CF-100's for that purpose for the time being.

Mr. Pearson: I take it then that the government is satisfied that the CF-100 is capable of doing this type of work, that there is no necessity for replacing it and that that will be a function of the air division separate from the function of the other squadron?

Mr. Pearkes: That is correct. I cannot agree with the statement made a moment ago by the Leader of the Opposition to the effect that the CF-100 is obsolete because it still has a very useful function to carry out.

Mr. Pearson: I agree that it may be serving a most useful function in certain respects. When I say that it is obsolete I call the minister's attention as justification for that remark to the comment that the Prime Minister made on February 23, which I quoted this morning, when he said that regardless of the advice of the chiefs of staff and their view on this aircraft—that is the CF-105—it would be to all intents and purposes obsolete by the time it became available for squadron service. If the Prime Minister was justified in referring to the CF-105 as obsolete before it would become available for squadron service, that is what I mean when I say that obviously the CF-100 in doing the work the CF-105 was meant to do could hardly be considered as other than obsolete at the present time. There may be other duties it could perform effectively, but as a high level interceptor alongside modern United States interceptors, surely the minister will agree that the CF-100 is obsolete for that particular use against modern supersonic bombers.

Mr. Pearkes: I think the Leader of the Opposition is confusing the threat of today and the threat that was anticipated by the time that the CF-105 would have been available. As I have said on many occasions and as I repeated this morning, we consider that the bomber threat is diminishing and the missile threat is increasing. At the present time the CF-100 is an effective aircraft against the type of bomber attack which we may anticipate at the present time and for the next year or two from now as coming against Canada.

Mr. Pearson: With great respect I do not think I am confusing the threat at all. I know perfectly well that the bomber threat will decrease or is likely to give way to the missile threat as the main threat. I know too that the bomber threat, while it may be reduced in the sense that development of bombers may not be proceeding in the Soviet union as it would have proceeded if the missile developments had not occurred, but I also know from the evidence I have read from the congressional committees, by air force people in the United States is that the quality of the Russian bomber fleet is continually being improved. If the minister was correct when he said a year ago that the CF-100 could successfully engage only the majority of the bombers that might be expected to attack this continent—if the CF-100 could only do that a year ago, not knock down but engage the majority of bombers—surely the CF-100, magnificent as it has been and useful as it may be now for certain purposes, is not the kind of airplane on which we on this continent or indeed Europe should be relying for high level interceptor work. No doubt that is why the two Bomarc squadrons are being introduced into our air defence.

The minister has corrected me in my reference to his remarks in Winnipeg. I gave him textually the press quotation and I am glad to have the correction because obviously if the United States decides not to go ahead with the development of the Bomarc it would be folly for Canada to do that on its own. That is self-evident. The very fact that the minister has to make that kind of statement, that if the United States decides not to go ahead with the Bomarc we will not be able

to go ahead on our own, must give one cause to hesitate about the final effectiveness and acceptability of this weapon.

I gave some information about Bomarc tests this morning. The minister said tonight that these tests are classified and he could not confirm or deny what I said about these tests which caused some anxiety about the effectiveness of the weapon. As I understand it the tests have not been very successful. I must say, however, that the information I got was from the reports of the congressional committee. They are public documents. I had no other information. Everything I said was taken from congressional committee reports which have been made available to members of congress and to the general public. There is certainly nothing classified about that kind of information.

A few moments ago the minister dealt with the very important question of the equipping of Canadian forces with nuclear weapons, something about which I asked him some questions earlier in the day. I repeat what General Norstad had to say about this, "Our defence plans are based on the nuclear weapons." The minister commenting on that and on what I said stated that he was sure that the Canadian people would not wish their troops to be sent into action with inferior weapons. I have no doubt that he is quite right in that but I suggest to him that the Canadian people also would not wish their troops to be sent into action with weapons under the control of another government.

The minister has said—and I want to be fair to him on this matter—that negotiations are now under way. As I took down what he said, the purpose of these negotiations with the United States is to make arrangements for the storing and equipping of nuclear weapons for Canadian forces. The minister at page 7 of his annual report had something to say about this:

> While ownership and custody of nuclear weapons required for Canadian defence forces will remain with the United States, their use from Canadian territory or in Canadian air space will depend on conditions previously agreed to by the Canadian government.

Ownership and custody will remain with the United States. Has there been a change since that report was written or is it a fact that the negotiations which are now under way are merely for the storing and equipping of nuclear weapons for Canadian forces and will not affect in any way the control over those weapons by the United States?

Mr. Pearkes: If the hon. gentleman wishes me to answer that point now, I would say that since these negotiations have not been completed it is impossible to give the details to the committee. The practice which has been followed in such other countries as now have nuclear weapons stored by the United States within their boundaries is that the United States retains custody of those weapons until they are released for operation to the country itself. The country then has a veto; the country need not use them. They are avaliable and once they have been, as it were, handed over to the occupying country or the user country, then they are employed under the direction of the government of that country.

Mr. Winch: Would the United States hand them over if the country would not agree to using them? Otherwise there would be no sense to it.

Mr. Pearson: I do not know of anything more important than this particular question. I think we should try to get it absolutely clear. I understand from the white paper that there is no question that the ownership and custody of nulcear weapons required for Canadian defence forces remains in the hands of the United States. The minister has now said that the agreement which it is hoped to negotiate will provide for those weapons which are available to be handed over to Canadian forces at a time and under circumstances agreeable to the Canadian government which may desire to use them at that time. I do not know whether that is an accurate description of the situation, but it seems to me to be a very confused situation indeed.

I ask the minister, if the decision is to use nuclear tactical weapons,—and I am not quarrelling with that decision at the moment—why should we not follow it to its logical conclusion and have the United States government, in the event that an agreement for this can be reached, turn those weapons over for storing, for use by and under the control of the Canadian military authorities. This will require an amendment to congressional legislation. I know, however, that that change has been made in the interests of one country, namely the United Kingdom, and I think there will be no other satisfactory way of dealing with this matter—if the decision is to use tactical atomic weapons—than to have those weapons brought under the complete control of the Canadian government if the Canadian government wishes to allocate them to Canadian forces.

I asked the minister this morning—and he referred to it this evening—some questions about the document, "Minimum Force Needs from 1958 to 1963". I know, of course, this is a top secret document and I naturally do not expect him to tell the committee the details of the implementation of this five-year program; but I had hoped that he would be

able to tell us what are Canada's commitments under this five-year program which was agreed to, I believe, in December, 1957. I am more interested in finding that out now than I was an hour ago because the minister said a few moments ago that one of the Canadian commitments in this document was to re-equip the Canadian air division in Europe. I think that is what the minister said. I remind him that this particular program was agreed to in December, 1957. Are we to understand from what the minister has said that in 1957 a decision was taken by his government to re-equip part of the Canadian air division in Europe? If that decision was taken at that time, has it been made known to the Canadian public since that time, because I have no recollection of any such decision having been made public?

Mr. Benidickson: That is the question I raised.

Mr. Pearson: If it was made public and if it was a commitment formally undertaken by the Canadian government in December, 1957, why was it not possible to let the Canadian parliament and the Canadian people know about such an important commitment as the re-equipment of the Canadian air division? If, in fact, that decision was taken in December, 1957, why has it taken from December, 1957 until July, 1959, to implement it?

Mr. Pearkes: Because it was a five-year program. The hon. gentleman realizes that it was a five-year program. This was not all to be done at the time that the MC-70 was first drawn up.

Mr. Pearson: Yes, I realize that. I am commenting on what the minister has said. The decision to re-equip the Canadian air division was made as a commitment when this five-year program was drawn up in December, 1957. I ask the minister whether there are any other commitments in that document which we have not heard about yet? That, Mr. Chairman, I think for the moment exhausts the questions and no doubt exhausts the minister in listening to my questions.

Mr. Hellyer: Mr. Chairman, can the minister not give us any additional information with reference to the Bomarc at all? I think we all appreciate the fact that much of the information regarding it is classified. There has been so much expression of opinion about it in the press; there have been so many questions raised about its low-level capability, about its subject to jamming, about its other deficiencies, that I would like the minister to give us some assurance on these things individually even if he cannot give specific detailed information.

Mr. Pearkes: I think the best assurance I can give the hon. gentleman is that the United States are adopting this as their area defence weapon. As I have said before, they are going ahead with the construction of Bomarc stations across the northern part of the United States. Now unless their administration had confidence in it they would not be going ahead and doing that. From the information I have received, I have stated in the house previously I believe this is the best weapon for our Canadian defence as a ground to air missile.

Mr. Hellyer: I wonder whether the minister would tell us if we are to have two squadrons, as was the original impression given this house, or whether it is true, as we later understood it to be, that we are to get two half squadrons?

Mr. Pearkes: There will be two Bomarc squadrons and they will be equipped with 30 missiles in the first instance. Then, when they have been completed, decision will be made according to the threat and according to the requirements as to whether that number should be increased.

Mr. Hellyer: I should like to pose another problem with respect to the Bomarc chain which has been raised by a number of people. Perhaps the minister can set our fears at rest in this regard. Is the Bomarc chain not something like a series of fixed gun emplacements in that they are not mobile, they are fixed, and consequently they are able to deal only with attacking bombers coming within their particular range?

The minister knows that the United States is proposing that its bombers carry, in addition to their other armament, ground-to-air missiles. They will carry live ground-to-air missiles and also drones as a replacement for what they used to call ducks. In the event of an attack on Canada from a formation of Russian bombers coming toward our populated areas and in the event that the Russians released from their attacking force air-to-ground drones at intervals of some several minutes apart, is it not a fact that the Bomarcs would have to be fired because we would not know whether they were drones or live and we could not afford to take a chance, and once 30 drones had been shot in the same direction at the same squadron area all of the Bomarcs would be exhausted, there would be nothing more and there would be a completely open corridor for the entire Russian bomber formation to fly through and beyond which they could deploy in the direction of their various targets?

Mr. Pearkes: In answer to the first question, of course the Bomarcs are fired from a fixed station. They are not mobile. The stations as designed will be interlocking so that the whole of the air space will be covered.

With regard to the second question, because there is possibility of that form of attack which the hon. gentleman was describing, it is one reason why interceptors are being retained in the armament for the defence of the North American continent.

Mr. Hellyer: And particularly the reason why interceptors should be used as far north of the Bomarc line as possible in order to intercept bombers as far away from our populated areas as can be achieved and also to get them before they release their ground-to-air guided missiles; is that correct?

Mr. Pearkes: We would like the interception to take place as far away from populated centres as is possible.

Mr. Hellyer: I should like to ask another question with reference to interceptors. The minister has told us that an agreement is being worked out with the United States whereby they will have the use of our bases. We will presume that there is an attack and there has been positive identification, which of course also presents a very difficult problem because it is sometimes difficult to determine what the identity of an aircraft is from the radar screens. But once there is positive identification is it not the plan that United States squadrons would not engage the enemy except from their own bases at the outset and that they would return for refueling to Canadian bases? Does that not present the problem which I raised earlier today, that in fact most of the fighting, most of the destruction and most of the fall-out would not take place until the attacking bomber force was within two or three hundred miles of the Canadian border and over our most populated areas? Would it not seem more logical, if Canada is going to make these bases available to United States interceptors, that the initial contact should be made at a more northerly point in order that the greater percentage of the destruction and fall-out will be over our sparsely populated areas?

Mr. Pearkes: The hon. member is describing a plan of attack. I do not know where he has obtained his information that United States interceptors must engage the bombers from United States bases first of all.

Mr. Pearson: On that point, I now have the reference which the minister made to this matter this morning, and could I ask him to explain exactly what he had in mind in his statement when he said:

> We are maintaining nine squadrons of CF-100 all-weather interceptors and are making arrangements so that United States interceptors can operate in Canadian air space, and consideration is being given to providing facilities so that United States aircraft may be able to operate from Canadian air fields.

In those remarks did he have in mind some arrangement going beyond the present NORAD agreement?

Mr. Pearkes: Not going beyond the present NORAD agreement but to make the present NORAD agreement workable so that United States interceptors could have facilities for refueling and other facilities that might be required at Canadian airports.

Mr. Hellyer: This afternoon I mentioned the British operation Sunbeam and asked if the minister could give us any information about it. Does he have anything he can tell the house?

Mr. Pearkes: No, Mr. Chairman, I have no information that I can give the house on that exercise.

Mr. Chevrier: May I ask the minister the site of the second Bomarc station?

Mr. Pearkes: It is going to be located in northern Quebec in the Mont Laurier area.

Mr. Chevrier: Without breaching any secrets, is the minister in a position to give any more detailed information as to the site? As the minister remembers, many months ago it was announced that it would be in the Mont Laurier area and now the same answer is being given to the question. It has been made quite clear where the Bomarc station is going to be in Ontario. I wondered whether the minister could not give a more definite answer to the question in so far as the Quebec location is concerned.

Mr. Pearkes: I have not announced before that it is going to be in the Mont Laurier area. I know that newspaper correspondents have done so. I think that should be sufficient. It is not a very wide area and until further development has taken place I should not think it is necessary to pinpoint every defensive installation we have.

Mr. Chevrier: I would not want the minister to do so if he does not think he should. If he simply said that he thought it should not be done I would be quite happy to accept that. But the point I make is that the Ontario location has been pinpointed.

Mr. Pearkes: I said today, in the North Bay area.

Mr. Pearson: The minister knows, of course, that the exact location of this Bomarc base has appeared in reports out of Washington, in newspapers, some congressional reports and in magazines.

Mr. Carter: Mr. Chairman, I should like to bring a matter to the attention of the minister at this time which is rather different from the subject we have been discussing up till now. It concerns not only the Minister of National Defence but also the Minister of National Health and Welfare. The problem I want to bring to the minister's attention is the loss of family allowances by service people on overseas duty. Some time ago I put a question on the order paper which was answered on May 13. The answer as found on page 3638 of *Hansard* shows that a leading aircraftsman with five children loses $1,584 during his tour of duty and against that he receives by way of income tax saving only $16.

I think the people of Canada want the children of servicemen overseas to get the same benefits as those who remain in Canada, and this is quite a substantial loss in family income. The higher up we go the smaller is the gap. A wing commander with five children, for example, loses $1,584 but he saves $998 in income tax so that this regulation which prevents the payment of family allowances for the children of overseas troops falls hardest on the little man; the lower the rank the greater the loss in income. I should like the minister to bring this matter to the attention of his colleagues and have something done about it.

Mr. Pearson: Mr. Chairman, I would not like the minister to think that we are not interested in the observations he made about civil defence or that we do not desire to make some comments on that matter, but I take it that it will be discussed on the estimates of the Department of National Health and Welfare. I am in some doubt about this because there seem to be three ministers now responsible for civil defence, the Minister of National Health and Welfare, the Minister of National Defence and the Prime Minister. I assume that the discussion of this important matter will take place on the estimates of the Department of National Health and Welfare.

Mr. Pearkes: Other than the actual role or part which the army will play.

Mr. Benidickson: Mr. Chairman, the committee would expect me to ask a question or two about economy and extravagance, particularly because the minister will recall our discussion in December, 1957 when he first came before the house with his estimates. At that time he was the only minister, I think, who claimed that after taking office he was able to report to the house that he had reduced expenses and had fulfilled the election promises of the government that waste and extravagance had been reversed by the new administration. As I recall it he had a certain figure which I am not going to quote at the moment, but the minister may know it better than I and that figure, as I recall very clearly, represented primarily a claimed reduction in waste and extravagance in the matter of travelling expenses. I wonder if the minister would just explain to us—I think I know the answer—but I want him to explain to the committee that this was the only item out of these millions and millions of dollars of national defence expenditures that he could put at the top of the mast as the place where he, being in charge of the department, had reversed things and found it possible to reduce expenses and first for travelling and removal expenses.

If one looks at the summary of standard objects of expenditure for this year for the minister's department and compares them with last year he will find that there is a very substantial increase in the expenses of the defence department for travel and removal. I can give the figures. Last year the amount of the estimates was $37.2 million and this year the requirement is $44.3 million. I know, if all the members of the public do not know, that the reason is there is a different pattern with respect to the rotation of troops going from this country over to Europe and homeward.

What I want to point out to the committee is that when the rotation was in favour of the minister he claimed this was something in favour of the new administration in achieving economy. But this year when we have this $7 million rise in expenditures he gives the true facts and the true facts are that under the pattern of rotation of troops a greater amount of money has to be spent for moving troops back and forth between this country and Europe than in another year. This is incidental, but it is typical of the type of information we were given in December, 1957. Then we raised questions as to what evidence of waste and extravagance the minister had found and corrected. Perhaps he would have some further information on that point to give us before this item is passed tonight.

I shall pass from that item now. I was concerned to hear the minister make his reference to security and confidence with respect to defence administration in general. I think when he made a reference of that kind he was replying to what had been said

this afternoon when certain items were quoted from the United States congressional records of a committee inquiring extensively into defence activities down south. I got the impression from our newspapers that, some of us, have the feeling that some of the information that was given in public at these committee inquiries in the United States was as much a surprise to the officialdom of this country as it was to the general public here. I should like the minister to comment upon that.

Personally, I really feel that we have assumed the role of me-tooism so much lately with respect to the United States in recent times that that challenge and criticism may be very well founded. I should like the minister to assure this committee, not that anything that was said there was a surprise to him personally but was a new piece of information as compared to the information that might have been give to this country by the United States in an official capacity.

I was curious also this morning when the minister indicated the choice of the government, announced only today—again there were a lot of ifs and provisos—of the Lockheed plane, the F-104G. Again I emphasize the provisos and back doors that were left open by the minister, but he indicated that that plane was, I think, a similar plane to the one chosen previously by the West German government. Does the minister recall—I have not got the information here—when the West German government made that decision? In other words, our criticism is that this government has been very dilatory in making decisions of this kind. I recall, too, that one has to be very careful in criticizing the minister or the government in connection with matters of this kind. This morning the minister said that statements with respect to the obsolescence of equipment we have been buying hitherto have been very unhelpful to him and to the government, and to the cause of freedom and traitorous to our position vis-à-vis those we believe might be the potential enemy.

This, of course, is a serious statement and one that we must respect, as I do. On the other hand I must at all times recognize that it is one that can be used in a democratic parliament by one on the government side improperly to protect himself from criticism for delay with respect to taking decisions that might have been taken. I wonder if the minister would tell us about the negotiations with West Germany for our equipment manufactured in Canada, and was he aware at the time when the West German government had decided to take the advanced F-104? Would he give us some indication of the time lapse in between the decision of that government and the decision announced only this morning? With respect to this equipment, the minister indicated that as to the details, as to information respecting production, quantities and the time element on availability of this particular NATO aircraft, we would have to ask the Minister of Defence Production. Fortunately, we understand his estimates will follow very shortly upon those of the minister of defence, and perhaps we can get that information fairly soon.

However, I believe he recognizes that throughout the country there is a recognition that more than a year ago it was known that our F-86 squadrons would either have to rely on the early delivery of our Arrow aircraft for perhaps a different role than was assigned to them, or they would have to have assigned to them aircraft that the minister tells us now the government has decided to assign to them. Regardless of that, however, I say that there was a poor synchronization with respect to those decisions.

Rightly or wrongly I continue to think, as I have thought ever since last fall, that most of these decisions were delayed—and there has been a resulting continuous delay in decision—because so many senior members of the cabinet were not here in Canada at the time when these serious matters had to be decided upon. I do not blame the minister. He was attending to his responsibilities of course. But at a critical time with respect to decisions in the defence department there was an absence on the part of senior members of the cabinet whose decisions would be necessary in matters of this kind. Other governments—and I think particularly of the West German government—were able to reach a decision with respect to their role in NATO and this government has only now reached its decision.

Mr. Pearkes: I am speaking now entirely from memory, but I think the West German government reached a decision about three weeks ago; it was very recently that they did so. The fact that the West German government had accepted this particular aircraft or, shall I say, the fact that another NATO government had accepted this particular aircraft influenced the decision that Canada reached because of the obvious advantages of having similar aircraft used by various NATO countries. We have been talking about the standardization of equipment. This is a case where partial standarization is being accepted. We have come to the conclusion that this is the best aircraft for our purposes.

I am not quite certain whether I understood the hon. member correctly. If he indicated that there was any thought of the Arrow ever having been used by the air division I want to assure him—

Mr. Benidickson: In NATO.

Mr. Pearkes: —that was never contemplated; never to my knowledge.

Mr. Benidickson: Certainly many military commentators of great intelligence have thought that as this was a very advanced aircraft it might very well have a role to play in NATO complementary to the role it would play in North America.

Mr. Pearkes: The difficulty would have been that there was no ground environment in Europe—nor is there today ground environment—which could have made the operation of the CF-105 effective. As I say, it was never contemplated that it would be used there.

Mr. Benidickson: I only say that there was speculation and comment from people who have more knowledge of the possibilities in this area than I have in that respect.

Mr. Pearkes: Really, I do not know how much knowledge the hon. member has on the subject.

Mr. Benidickson: I would not say any more than the Leader of the Opposition said this afternoon, namely that I played only a very modest and obscure part in the air force and recent war effort.

However, I want also to interrogate the minister a little bit further on the matter of this MC-70 of December, 1957 because I think it is relevant to our examination of the expenditures before us and the decision that was announced this morning. I have a feeling that we are very much in the rumble seat now with respect to decisions that are made in the United States. Was it in December 1957 or was it in April recently when General Norstad came to see us, that it was obvious to this government that the role of the Canadian air force in Europe required a change from the F-86 to this new fighter aircraft with a ground role under which they would not only, as the minister said, find their target but destroy it?

Mr. Pearkes: When General Norstad was here he explained in detail the type of role that he would like to give as an assignment to the squadrons of the air division presently armed with the F-86. Prior to that time there had been discussion for some time as to two or three different types of role. General Norstad was here and he made a definite recommendation. It was impossible until he had come here for us to have decided which aircraft should be used, until the actual role had been defined. I think that is fairly obvious. The type of aircraft having then been decided upon, there are several different aircraft of that type. These all had to be evaluated, and a decision has just been reached recently that this aircraft was the one which would suit our requirements better than any of the others. I announced it almost immediately the decision had been made.

Mr. Benidickson: The minister indicated that it was still a most nebulous state of affairs, even before he came to this committee, in that he said there were provisos still unsettled as to price and the opportunity for manufacture in Canada.

Mr. Pearkes: I think when the estimates of the Minister of Defence Production come before the committee he will be able to give the hon. member much more detail about that matter. It is his department that does the purchasing. Naturally, until the final paper has been signed, I would have to put in some provisos.

Mr. Benidickson: We are advancing under the calendar rather far into 1959. Under the normal timetable I think by about September most departments put themselves in a position to indicate to treasury board what their requirements would be for the next fiscal year which I admit starts only on April 1 following. Having regard to the possibility, or the probability I think we can say, of going ahead with this decision announced by the Minister of National Defence that the NATO squadrons that now have the F-86 will be equipped with this new aircraft, surely it is possible of translating the cost into the national budget for defence of next year. Has the minister some indication of what it means in extra cost for next year that would not probably be reduced by some other expenditure that would not be required?

Mr. Pearkes: Of course, we are examining the next year's estimates now. We take into consideration not only next year but the estimates for the next five years. We are hoping that we shall be able to provide for the re-equipment of these squadrons within an estimate of about the same order of magnitude as the present one.

Mr. Hellyer: Can the minister tell us whether the F-104 which has been chosen to re-equip the air division has any other role than as a strike aircraft?

Mr. Pearkes: No, that is its main role.

Mr. Hellyer: That is its main role?

Mr. Pearkes: Yes; a strike and reconnaissance role.

Mr. Hellyer: Could it under any circumstances be used to re-equip any of the Canadian interceptor squadrons presently under NATO command if the government were to decide that was something it should propose to do?

Mr. Pearkes: Re-equip any of the other squadrons? That is to say, the four squadrons—

Mr. Hellyer: No, I am talking about the nine squadrons under NORAD, if its capability would be such as to make it a reasonable fighter-interceptor as well.

Mr. Pearkes: I do not think the F-104G could be developed into an interceptor. The requirements are so different. It is a question of high speed at low altitude for strike reconnaissance aircraft, whereas an interceptor wants high speed at a high altitude.

Mr. Hellyer: Would the minister contemplate any other possibility by which Canada might now, or within the foreseeable future, re-equip any of the nine squadrons stationed in Canada?

Mr. Pearkes: There is no provision made in these estimates for such a contingency.

Mr. Hellyer: There is no provision made in the estimates, but I know how the minister feels, that it is a requirement which should in due course be met, and I also know how he feels about the aircraft industry in Canada; not that it should be just fed contracts for work which is not necessary, but that it should be given essential work and phased in such a way as to keep it operating at the greatest possible efficiency.

May I refer to the minister's own remarks on page 5220 of *Hansard* for June 20, 1956 where he is reported as saying:

> Of course no warning line is of any value unless it can be backed up by interceptors, and while the white paper would indicate that there are some 21 squadrons available for the defence of Canada, the minister painted a more realistic picture of that force this afternoon when he pointed out that at the present time there are only nine regular squadrons which are equipped with a plane which is efficient for its role at the present time, namely the CF-100.

Then with respect to the aircraft industry in Canada we have a statement from the hon. member for Brandon-Souris where at page 5267 of *Hansard* for June 21, 1956, he is reported as saying:

> This leads me to make just a brief comment on the importance of the air industry to Canada. Canada is a natural country for the development of a strong air industry. We are a young nation and we are on the verge of tremendous development, particularly in the northern regions. In similar manner air power is just in its infancy. We are on the threshold of tremendous achievements in the air.

Then the present Minister of National Defence is quoted at page 5220 of *Hansard* for June 20 of 1956 as follows:

> I am not in favour of discontinuing the airplane production industry here. I think it is something we have to develop and maintain. In those periods of changeover from one type of equipment to a more modern type there is always the danger of equipment being turned out which before it leaves the assembly line is obsolescent, and I am afraid that is the case at the present time with the CF-100's which will be turned out. No doubt the CF-100 Mark V, with its greater power, would be of value to combat any enemy bombers coming to this country in the near future, but its period of usefulness must be rapidly passing. The CF-105 will no doubt bridge that period until the time the guided missile is ready and available.
>
> I have frequently wondered whether we have not rather limited the airplane production industry in asking them to develop a limited number of a type of plane. As has been indicated, there is a great shortage and there is a great need for more transport planes. I believe that the A. V. Roe Company, which has been making the CF-100's, did start a jet transport plane industry which was cancelled at the time of the Korean war.

Further on he says:

> Whether or not it is possible for Canada to dispose of any of these 100's which must be surplus now I do not know, but it would seem desirable to do so.

As the minister knows, subsequently disposal was made in co-operation between Canada and the United States, and planes were made available under mutual aid to one of our NATO allies, Belgium, and it was an exchange which I believe proved to be to the benefit of all participating countries.

My questions are these. Does the minister still feel as fondly toward the aircraft industry as he did in 1956? Second, if he feels that the CF-100 was practically obsolescent in 1956, how does he square his statement, both earlier this session and today, that it is still a useful aircraft and that it is not yet obsolete and should not yet be removed from squadron service?

Mr. Pearkes: Obsolescence of aircraft depends upon the purpose for which it is to be used. The CF-100 was designed as a defence against certain Russian bombers. Now we have no knowledge that the Russians have procured any faster bombers than they had in those years. Therefore the CF-100 is still an effective aircraft.

Mr. Hellyer: It is almost ten o'clock, Mr. Chairman, but before we call it ten o'clock I would like to say to the minister that I did not mean to be unfair in the statement I made earlier about the two generals who had been here and who, according to my information, had not been encouraged to hold press conferences. If I was wrong in my contention I apologize. The allegations that I made were based on information supplied to

me by members of the working press, and I accepted the information given to me at face value; but I accept the minister's feelings on the matter.

Mr. Pearkes: Thank you.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Chevrier: I presume we will go on with the consideration or these estimates tomorrow. Will the house leader indicate what we will do on Saturday, and also as far as he can into the course of next week?

Mr. Green: Yes, Mr. Speaker. Tomorrow we shall continue with the defence estimates and then take those of the Department of Defence Production. Should they be finished before Saturday evening we will go on with the estimates of trade and commerce. On Monday we intend to start with item No. 1 on today's order paper, an act to amend the Criminal Code; then item No. 7, an act to amend Prisons and Reformatories Act. Then we will take item No. 11, amendments to the Maritime Coal Production Assistance Act; then item No. 9, dealing with crop insurance; and then item No. 10, dealing with farm credit.

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

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

HIGH LEVEL BRIDGE, CORNWALL—CANADA-U.S. AGREEMENT

Question No. 439—**Mr. Argue:**

1. What was the date of agreement or agreements between Canada and the United States for the construction of the international south channel high level bridge at Cornwall, Ontario?
2. Was there more than one agreement as to allocation of costs between Canada and the United States?
3. If so, were the Canadian and American governments consulted in regard to any change from the initial agreement as to allocation of cost to each country?
4. What was the date of each change, the reason for such, date and place of meetings between officials of Canada and the United States?
5. What was the name of Canadian government or seaway authority officials attending each of these meetings?
6. What was the name of government or seaway authority officials signing each agreement, and in which country were agreements signed?
7. Who was responsible for acceptance of (a) the substructure; (b) the superstructure of this bridge?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. The agreement between Canada and the United States for construction of the international south channel high level bridge took the form of an exchange of notes between the aforementioned countries, dated October 24, 1956.

2. No.

3, 4, 5 and 6. In view of the answer given to question 2, these questions are not applicable.

7. (a) On January 20, 1959, A. G. Murphy, chief engineer of the authority, signed certificate of completion, with the proviso that $200 be withheld pending minor surface treatment of concrete.

(b) on December 1, 1958, Colonel Loren W. Olmstead signed acceptance on behalf of corps of engineers, U.S. army, and Martin W. Oettershagen, deputy administrator, signed on behalf of the St. Lawrence Seaway Development Corporation.

FLYING CLUB, OUTLOOK, SASK.—FINANCIAL ASSISTANCE

Question No. 456—**Mr. Hardie:**

1. Has any financial assistance been given by the Canadian government to establish the facilities used by the Outlook flying club near Outlook, Saskatchewan?
2. If so, what was the amount of such assistance?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. No.

2. Answered by No. 1.

APPENDIX

SPEECHES BY HER MAJESTY IN OTTAWA, JULY 1, 1959

Unveiling of Commonwealth Air Forces Memorial

Ottawa, July 1, 1959

This memorial has been built to honour the men and women of the air forces of the commonwealth who during the second world war gave their lives in Canada, in the United States of America and in neighbouring lands and seas, and who have no known graves. It is one of five such air force memorials, commemorating in all some 30,000 names. I have already opened two of these—at Runnymede and Malta—and the others are at El Alamein and Singapore.

Their very locations illustrate how wide was the conflict from which hardly any portion of the world was immune, and to which every part of our commonwealth made its contribution.

Some of those commemorated here were killed in active operations, based in Canada—on missions over the Atlantic and Pacific oceans and in the Arctic. But most of them were learning to fly under the empire air training scheme, or ferrying aircraft made in this continent to Europe and North Africa. They were young people with a belief in the future, many of whom, had they lived, would be playing their part in the reshaping of this modern world. Their deaths have increased the burden on us, but the example of their faith and courage will surely help and inspire us.

As those whose names are recorded here came from every part of the commonwealth, so today many of you, their relatives and kinsfolk, have come from all over the world to join with my Canadian people in honouring their memory. You will be looking for the names of sons or husbands or brothers who did not shrink from losing their lives to save our own. I share your pride in them and assure you of the undiminished gratitude of those who survived the conflict and are able to live in freedom because of their self sacrifice. I would also offer you a word of sympathy in your loss, which time can mitigate but never dispel.

Many Canadians were present when I unveiled the Runnymede memorial, on which are recorded the names of 3,000 Canadian airmen. In the great window of the shrine there is engraved a verse from the 139th Psalm:

"If I take the wings of the morning, and dwell in the uttermost parts of the sea;
Even there shall Thy hand lead me,
and Thy right hand shall hold me."

Let these words, in which some of those whom we are honouring here may have found encouragement as they climbed up into the skies, help and support you today.

Television Broadcast

Ottawa, July 1, 1959

The last time I spoke to you, from this my home in Ottawa, was when I opened the new parliament two years ago.

This time I want to speak to you about two other great national occasions. The first was the opening of the St. Lawrence seaway in which President Eisenhower and I took part near Montreal last Friday. He represented the American people and I was there as your representative to mark the completion of this joint enterprise which has captured the imagination of the world. Although this was an international undertaking, it is worth remembering that Canada was the moving spirit in getting the project started and that two thirds of the seaway and the work on it is in Canadian territory. This was a truly great national occasion.

The other national occasion is Dominion day which we are celebrating today. If the opening of the seaway is a salute to the future, then Dominion day is a salute to the past. Five hundred years ago there were no Europeans on this continent, today over 17 million Canadians enjoy what is probably one of the highest standards of living anywhere in the world.

During the early history of what is now Canada there was controversy and fighting. Today you have achieved a unity and a sense of common purpose which is a tribute to good sense and tolerance. This did not come about of its own accord. It came about because there have been men in every generation who were not content simply to work for themselves but who worked for the nation as a whole, who sacrificed their own interests for the common good.

Dominion day commemorates the birth of Canada as a nation and the first independent country within the British Empire. So it also marks the beginning of that free association of independent states which is now known as the commonwealth of nations.

(Translation):

Very recently, I was on the very site where Jacques Cartier, in 1534, set foot for the first

time on Canadian soil and there erected his great wooden cross. I have been told that the name Gaspe comes from an Indian word meaning "the end of the earth". Undoubtedly, it seemed to the Indians that it was, in fact, the end of the earth, but for Cartier, and those who came after him, it was the start of a new world and a life filled with promises and possibilities.

Today, every Canadian can justifiably be proud of the way in which these possibilities have been realized. In government centres and in industrial areas, I have been able to learn that this marvellous new world, built on work and vision and on the natural resources of our country, still remains, four hundred years later, the heritage of Canadians.

(Text):

That same vision and heritage brought the commonwealth into being with Canada as a founder member. This is no mere sentimental organization but a vigorous association for co-operation and mutual help on the widest scale.

One instance of this is the number of students from India and Pakistan and the West Indies who find places in Canadian universities. This is an admirable plan and I hope that it spreads. There could be no better way to help future generations in all the commonwealth countries to get on together. If any of these students are listening to me, which perhaps they are, I congratulate them on the hard work and enterprise which has brought them here and send them my very good wishes.

After all I have said, I am sure you can understand why this tour has given me and my husband such pleasure and why we are looking forward to the rest of it so much. We would like to see many more of you and far more of this wonderful country but it cannot be done this time. Canada is simply too big. Luckily the television network covers most of the populated parts of the country so I can at least bring this rather more personal message directly into your homes even if I cannot drive through your streets and meet some of your fellow citizens. I hope it will also let you come with me to the different parts of Canada I am going to visit and see some of the spectacles and industrial developments along the route.

This is the holiday season for many of you and a fine summer's day is not just the moment for serious matters but I have spoken of these things because they are very close to my heart. If I have helped you to feel proud of being Canadian, if I have reminded you of the strength which comes from unity, and if I have helped to draw your attention to the bright vision of the years ahead, I shall feel well satisfied because I believe with all conviction that this country can look to a glorious future.

HOUSE OF COMMONS

Friday, July 3, 1959

The house met at 11 a.m.

COMMONWEALTH RELATIONS

ANNOUNCEMENT RESPECTING SCHOLARSHIPS AND FELLOWSHIPS

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as the right hon. Prime Minister announced in the house on March 24, a commonwealth education conference is to be held at Oxford from July 15th to the 29th. The Canadian delegation to the conference will be led by Hon. George A. Drew and will include representatives of the university community and officials. The detailed list of delegates is being released to the press later today.

The house will recall that at the commonwealth trade and economic conference in Montreal last September consideration was given to various ways in which the commonwealth could be strengthened through increased co-operation in the field of trade and economic relations generally. One of the problems which received particular attention at that time was how we could help our less developed partners in the commonwealth to carry forward their economic development programs to the point where they would be able to achieve self-sustaining economic growth.

I need not reiterate today the steps taken by the Canadian government at that time to expand our economic and technical assistance to the underdeveloped countries and territories of the commonwealth. I do want to remind the house, however, that it was recognized at Montreal that apart from capital and technical knowledge, education in its broadest sense also had a vital part to play in the process of economic development. It was also recognized that our expanding commonwealth called for a continuing community of experience and values which a wider sharing of educational opportunities and facilities was best able to assure.

It was decided, therefore, at Montreal to bring into being a commonwealth scholarship program under which some thousand scholars would, in due course, have the opportunity of studying in countries other than their own. Canada undertook to be responsible for one-quarter of the total places to be provided under the program, and the United Kingdom for one-half. It was agreed that the detailed formulation of this scholarship program should be left to be worked out at the conference which is being held at Oxford later this month.

It was also decided at Montreal that the mandate of this conference should include a review of existing arrangements for commonwealth co-operation in the educational field. The house will appreciate that this is a very wide and complex mandate and the present intention, therefore, is to concentrate on two matters which are known to be of particular concern to the underdeveloped countries and territories of the commonwealth, the supply and training of teachers, and facilities for technical and scientific education.

May I say, Mr. Speaker, that these are fields in which Canada is prepared to provide a greater measure of assistance within the framework of our existing technical assistance programs. As the house is aware, these now encompass all the less developed areas of the commonwealth, and there is thus no need for Canada to set up new programs for dealing with these problems.

There is perhaps a further word I should say about the Commonwealth scholarship program. In the view of the Canadian government the awards to be made under the program should be such as to attract men and women of high intellectual competence who are able to benefit from a period of study abroad and who may be expected to make a worth-while contribution to the national life of their own countries and to the commonwealth association as such. It is the view of the Canadian government that in such an interchange each commonwealth country has something to give and something to gain. I am glad to be able to assure the house that in this view the government has had the wholehearted support of the Canadian university community.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, when the announcement was made some months ago of the proposal to establish this commonwealth scholarship fund, we welcomed it and we welcome the information the minister has just given as to the implementation of this imaginative and constructive commonwealth idea. In working it out from the Canadian point of view as it concerns exchanges on educational matters, no doubt the

government will wish to keep in close touch with the Canadian provincial authorities regarding it. I would also venture to express the hope that in this exchange of scholarships it may be possible to encourage scholars to go not only to the United Kingdom and to Canada but to some of the newer members of the commonwealth which are probably older in civilization and culture than we are, and which have a good deal to give in the way of educational exchanges of which we in the western world are not always aware. I hope this Oxford conference will be able to carry this idea one stage forward. If and when it comes into complete operation it will be a memorial of which the late secretary of state for external affairs who had something to do with initiating this idea, would have been extremely proud.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, we are extremely interested in the announcement made by the Secretary of State for External Affairs this morning, for three reasons particularly; first, that commonwealth strength, unity and development are essential for the freedom of the world; second, we endorse wholeheartedly the plan and the proposals. At this point I should like to say that this plan and these proposals are right in line with the policies advocated by this group throughout the years. The advancement of education and understanding throughout the whole commonwealth is a cement that will be of lasting quality.

Mr. Green: In my statement, Mr. Speaker, I mentioned that a list of the delegates would be given to the press later today. I have here a list which I think is complete; there may be one or two others. Perhaps the house would be interested in having the names given this morning. The leader, as I have mentioned, is Hon. George A. Drew, high commissioner for Canada in the United Kingdom. Then there are O. E. Ault, director, economic and technical assistance branch, Department of Trade and Commerce; G. F. Curtis, dean of the faculty of law, University of British Columbia; W. T. R. Flemington, president, Mount Allison University; C. R. Ford, director of vocational training, Department of Labour; Abbe Jacques Garneau, secretaire general et moderateur, Universite Laval; Henri Gaudefroy, directeur, ecole polytechnique, Universite de Montreal; J. W. Holmes, assistant under secretary, Department of External Affairs; L. D. Hudon, Department of Finance; F. C. A. Jeanneret, chancellor, University of Toronto; J. F. Leddy, dean of the college of arts and science, University of Saskatchewan; J. R. Mallory, professor of political science, McGill University; J. B. Marshall, awards officer, national research council; T. H. Matthews, executive secretary, Canadian universities foundation; W. L. Morton, professor of history, University of Manitoba; D. C. Munroe, director of the institute of education, McGill University; G. C. McInnes, Canada house, London; and Lewis Perinbam, general secretary, world university service of Canada.

[*Later:*]

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, and it has to do with the announcement he made under motions. The minister indicated the list of Canadians who would constitute our representation. He also indicated that the list was not complete as yet. I wonder whether any consideration could be given by the minister or the government to having a representative of either the Canadian teachers' federation or any one of the provincial teachers' federations on the delegation, since education will be one of the major topics of the conference.

Mr. Green: On checking the list again I find the probability is that it is already complete. There may be one or two additions, but the delegation is to leave within the next two or three days. There would be great difficulty in adding other representatives. However, I shall be glad to take the hon. member's suggestion under consideration.

EXTERNAL AFFAIRS

FRANCE—REPORTED PROTEST AGAINST C.B.C. TELEVISION PROGRAM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs whether there is any foundation for the report that the premier of France found it necessary to summon the Canadian ambassador in order to protest the appearance of two Algerian rebels on a Canadian Broadcasting Corporation television program. If that report is accurate, would he tell the house what stand was taken by the Canadian representative in respect of this matter?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I think perhaps I had better take that question as notice.

LABOUR CONDITIONS

GLACE BAY, N.S.—REQUEST FOR ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Labour arising out of a telegram I have received from William H. Marsh, president of district 26 of the united mine workers, in which he states that 100 working men in the Caledonian mine who are otherwise eligible for unemployment insurance cannot obtain it because they have made less than 24 weekly contributions. In view of the fact that this is one of a series of telegrams from Mr. Marsh complaining about unemployment conditions in this area and lack of unemployment insurance benefits, I wonder whether the minister could say what action, if any, the government is contemplating in this connection.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, as far as the Unemployment Insurance Act is concerned it is quite plain, and there is no intention of diverging from the act in this respect.

Mr. Argue: Has the government or any department of the government made a survey of unemployment conditions in this area? Is the government considering any action that might relieve an extremely difficult unemployment situation?

Mr. Starr: Mr. Speaker, speaking for the government I may say that the Department of Labour itself, through the national employment service, is continually in touch with the situation and is doing everything possible to alleviate it in the form of other placements, if that is necessary. However, I think this is a temporary situation. I am not fully aware of nor have I all the particulars, but I will certainly look into the matter to see if there is any way in which help through our national employment service can be extended to these people.

NEWFOUNDLAND—INQUIRY AS TO GOVERNMENT ACTION ON LEGISLATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister which is a follow-up to a very similar question I asked him on May 28. Can the minister say whether any further consideration has been given to the disallowance of the controversial Newfoundland labour legislation, which I suggest is repugnant to our concept of basic human rights and fundamental freedoms?

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Prime Minister): The matter of disallowance is receiving continuing consideration. I believe under the constitution the period is set within which a decision must be made, and the constitutional requirements in that regard will be met.

Mr. Erhart Regier (Burnaby-Coquitlam): May I ask a supplemental question of the Minister of Justice in this regard. Is the minister in a position to indicate to the house the nature of the replies he has sent on behalf of the government to the representations that have been made in regard to this matter of disallowance?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I cannot recall the replies I have sent to all the representations, but my recollection is that in general they have been to the same effect as the statement just made by the Prime Minister.

TRANSPORT

ST. JOHNS, QUE.—STATEMENT RESPECTING PURCHASE OF PROPERTY

On the orders of the day:

Hon. George H. Hees (Minister of Transport): On Wednesday last the hon. member for St. Jean-Iberville-Napierville asked me a question with regard to the lease of a site south of the central Vermont railway station in St. Jean.

A resolution from the city of St. Johns regarding certain lands in the area has just been received in my office, having been apparently dispatched under cover of a letter from the city dated June 26. Neither I nor my officials have as yet had an opportunity to study this matter, but it is receiving immediate attention. I have no record of having received any recent representations from the junior chamber of commerce of St. Johns on this matter.

BRIDGES

CHAMPLAIN BRIDGE, MONTREAL—STATEMENT ON CONSTRUCTION

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Also on Wednesday, Mr. Speaker, the hon. member for St. Ann asked me why work was suspended on the Champlain bridge. The answer is that there is no suspension of work on the Champlain bridge. There are at present under way the following works:

The construction of piers between Montreal and Nuns' island.

The extension of the St. Pierre collector outlet.

The placing of fill on Nuns' island.

In addition, a contract has been awarded for the section of the bridge between Nuns' island and the seaway canal, and work thereon should commence shortly. Tenders have been received for the superstructure between Montreal and Nuns' island and it is expected that the contract will be awarded within the next 10 days.

Plans have been completed and tenders for the main span over the seaway canal will be advertised on July 6.

Mr. Dupuis: I thank the minister for his answer.

PARLIAMENT HILL

INQUIRY AS TO SINGING OF "O CANADA" DURING CEREMONIES

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): I should like to ask the Secretary of State if he has an answer to the question I asked him yesterday about the hymn "O Canada"? He was supposed to answer my question today. Is the answer ready?

(Translation):

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I can assure the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) that the Department of the Secretary of State had nothing to do with the ceremonies which took place here the day before yesterday, and I am unable to tell him what department is responsible for the arrangements.

Mr. Dupuis: The Secretary of State, who was present at those ceremonies, must have noticed that "God Save the Queen" was played three times but that "O Canada" was not played either before or after the ceremony.

Mr. Courtemanche: I understand this was done as a tribute to the Queen, as Her Majesty was present on the hill.

Mr. Dupuis: Could the minister answer my question, i.e.: Why was "O Canada" not played at the beginning or at the end of the trooping of the colours?

(Text):

Mr. Speaker: Is this not the same question the hon. member asked yesterday?

Mr. Dupuis: Mr. Speaker, the Secretary of State says he does not know because he is not responsible. The reason I asked the minister to answer my question is—

Mr. Speaker: I understood the Secretary of State to say that he would provide an answer.

[Mr. Hees.]

Mr. Dupuis: I am sorry, Mr. Speaker, but he said he had no answer to give. I would like to direct my question to the Prime Minister. I would like to know why we did not hear "O Canada" before or after the ceremony of the presentation of the colours.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have no answer to give whatsoever. I do not know the circumstance. I do know that at all the functions "God Save the Queen" and "O Canada" either preceded or succeeded the function in question. What may have happened on this occasion, of course, I do not know.

Mr. Dupuis: Could I ask the Minister of National Defence if he has an answer to that question?

Hon. G. R. Pearkes (Minister of National Defence): Would you mind repeating the question?

Mr. Dupuis: Mr. Speaker, I realize that the minister did not hear "O Canada" and did not hear the member for St. Jean-Iberville-Napierville. I would like to ask the minister why we did not hear "O Canada" before or after the ceremony of the presentation of colours the other day in front of the parliament buildings?

Mr. Pearkes: When Her Majesty arrived the royal salute was given, which is laid down as being certain bars of "God Save the Queen". No national anthem as such was played until the conclusion of the ceremony in the evening when "O Canada" was played.

Mr. Dupuis: That is a very poor answer.

FISHERIES

NEW BRUNSWICK—LIFT PERIOD OF MIRAMICHI SALMON SEASON

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, I would like to direct a question to the Minister of Fisheries. Has a final decision been reached in regard to the dates of the lift period of the Miramichi salmon drifting season; and what is the position of the set net fishermen in this connection?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, an order in council has been passed putting back the lift period for drift salmon netters in New Brunswick. I am not certain of the exact dates but I think the lift period will begin the 20th. In any case, it has been put back to a later time to meet a request which was made on behalf of the salmon drift netters in that area by their association, and also in response to representations made to me from other sources, Hon.

Mr. Pichette of the New Brunswick government and probably some others. This, I believe, will meet the situation. There is no change as far as set net fishermen are concerned.

[*Later:*]

Mr. MacLean (Queens): Mr. Speaker, I should like to add to the answer I gave a few moments ago to the question by the hon. member for Northumberland-Miramichi in order to be more specific. Drift netters are now allowed to continue fishing for salmon until July 20. I think this is what I indicated earlier. From July 20 to August 3 will be the normal summer lift period. Fishing can again be carried out from August 3 to August 15. No change has been made in the summer lift period for shore nets, since those were not damaged to any great extent in the recent storm. Their lift period will, as usual, commence on July 6 and continue to July 20. Fishing may again be carried on from July 20 to August 15.

ROYAL CANADIAN AIR FORCE

PRINCE RUPERT, B.C.—STATEMENT ON CRASH OF CANSO AIRCRAFT

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the Minister of National Defence, and ask him if he is able to give the house any information regarding the reported crash yesterday of a Canso aircraft at Prince Rupert?

Hon. G. R. Pearkes (Minister of National Defence): I have just received a report from the Royal Canadian Air Force that a Canso aircraft with a total complement of nine persons aboard was on an authorized mercy flight from Sea Island, Vancouver to Prince Rupert. At Prince Rupert a normal landing was initiated. However, preliminary investigations indicate that the aircraft struck a submerged object which caused it to veer sharply to the left with the result that the front nose section broke off. Immediate assistance was provided from ashore. However, it was not possible to locate Nursing Sister Flying Officer Kerr who had been occupying a seat in the front section of the plane. Latest reports indicate that Flying Officer Kerr is still missing, but all other persons are accounted for.

Mr. Howard: A supplementary question to the Minister of Transport. Can I ask the minister whether the airstrip at Prince Rupert presently being constructed is sufficiently complete to allow it to be used for emergency landings?

Inquiries of the Ministry

Hon. George H. Hees (Minister of Transport): I will check on the state of construction of that airstrip and let the hon. member know.

CANADIAN BROADCASTING CORPORATION

REPORTED CRITICISMS OF PROGRAMS ON FRENCH NETWORK

On the orders of the day:

Mr. Alexis Caron (Hull): I wish to direct a question to the Minister of National Revenue. According to a press report in the Toronto *Star*, last winter at least two confidential documents blasting the talks and public affairs branch of the C.B.C.'s French network were prepared by a group of Quebec Conservatives and submitted to the government. My question is this. Has the minister received a letter from Quebec members criticizing the public affairs department of the French network?

Hon. George C. Nowlan (Minister of National Revenue): I saw that statement in the newspaper yesterday, and to the best of my recollection I never received such a letter. It may be—and I am checking on this—that it was sent through the office automatically to the C.B.C. because, as I said in another place yesterday, I forward all letters commending or criticizing the broadcasts to the C.B.C., and it is possible that such a communication was received and sent down. I will check on this, but I do not have any knowledge of the letter myself.

Mr. Caron: Would the minister check and give us an answer?

An hon. Member: He just said he would.

Mr. Caron: He said he would check on it but he never said he would give an answer.

May I direct a further question to the Minister of National Revenue? We are told that Rene Levesque was forced to discontinue his very interesting program "Point de Mire". Can the minister give any reason for the discontinuation of this program?

An hon. Member: Look at the date and find out what happened.

Mr. Caron: Perhaps whoever said that would rise in his place and speak and not just sit there.

Mr. Nowlan: I did not hear the name of the program to which the hon. member referred, but whatever it might have been I have no explanation to make and no knowledge of why any change was made.

Mr. Caron: May I direct a question to the Solicitor General.

Inquiries of the Ministry

(Translation):

Mr. Speaker, I want to ask the Solicitor General a question. Has the program "Point de mire" with Mr. Rene Levesque, been discontinued by order of the C.B.C. or by order of the Conservative members for Quebec?

Hon. Leon Balcer (Solicitor General): Absolutely not, Mr. Speaker!

Mr. Caron: What does the minister mean by "absolutely not"? "Absolutely not" what?

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, I want to ask the Solicitor General a question. Can the minister inform this house whether he has received protests from hon. members on the government benches, against certain C.B.C. commentators, more particularly against some commentators on the French network who, according to those hon. representatives, do not always favour government policy?

(Text):

Mr. Speaker: I am not sure how the hon. member relates his question to the administrative responsibility of the Solicitor General. It seems to me it should have been directed to the minister through whom the C.B.C. reports.

Mr. Robichaud: On the point of order, the Toronto *Star* yesterday carried an article to the effect that the Solicitor General had received certain representations and that he had transmitted those representations to the C.B.C. management. This is why I addressed my question to the Solicitor General. I wanted to find out whether he had received the representations referred to.

Mr. Balcer: Mr. Speaker, I do not recall having received any representations mentioned by the hon. member.

Mr. Robichaud: Will the Solicitor General check and find out whether he has received them?

[*Later:*]

Mr. Caron: Mr. Speaker, may I direct a question to the Minister of National Revenue. Is there any truth in the rumour that the member for Roberval would like to take the place of Rene Levesque on "Point de Mire"?

COMBINES INVESTIGATION ACT

PROPOSED MERGER OF B.C. LUMBER COMPANIES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to address a question to the Minister of Justice. I sent notice to him earlier. Has the attention of the minister been drawn to a proposed merger of two of Canada's largest integrated timber processing companies, namely MacMillan and Bloedel Limited and Powell River Company Limited? Can the minister indicate whether this proposed merger will be reviewed by the combines investigation branch in order to determine whether the merger or steps leading to it contravene the combines laws?

Hon. E. D. Fulton (Minister of Justice): My attention has been drawn to the report of the proposed merger and the matter, in accordance with the usual practice, is being looked into by the combines branch. The usual practice to which I refer is that all mergers of companies of this size and nature are automatically inquired into to see if there is cause for formal inquiry.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO COMMUNICATION FROM QUEBEC ON CONFERENCE AGENDA

On the orders of the day:

Mr. Alexis Caron (Hull): May I direct a question to the Minister of Finance, Mr. Speaker. Has the minister received any news from the Quebec government about the agenda which is to be submitted on Monday next?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker. I gave an answer to that question yesterday, and as far as I know there has been no communication received since I answered that question yesterday.

Mr. Caron: I have another question. Since yesterday has there been any official news about the premier of Quebec coming to the conference?

Mr. Fleming (Eglinton): No, Mr. Speaker, I have no further information on that subject which interests my hon. friend so much.

PARLIAMENT BUILDINGS

STATEMENT ON MAINTENANCE OF HISTORICAL RECORD

On the orders of the day:

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, on July 1 the hon. member for Kootenay West asked a question which also contained a request for the maintenance of a historical record in respect of the parliament buildings. I now have an answer from the Department of Public Works, as follows. Collection of information is taking place with respect to the carvings and other historical aspects by the Department of Public Works. In addition,

public archives has made a survey of public and other records that are available for such a history, and I am now informed that they will obtain any further information of a historical nature which Sergeant Closs is able to give. The hon. member will recall that he mentioned Sergeant Closs. I wish to thank the hon. member for his very useful suggestion.

NORTHLAND NAVIGATION COMPANY

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Labour. In view of the fact that British Columbia members of the house have received telegrams this morning from the provincial federation of labour relative to the strike in Vancouver involving the Northland Navigation Company, is the minister yet in a position to make a report on the investigation which he told us was under way?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker, I have had no word on the investigation that is going on.

Mr. Winch: As soon as information is available will the minister make a statement to the house?

Mr. Starr: Absolutely.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

214. Departmental administration, $3,380,550.

Mr. Pearson: Mr. Chairman, I should like to follow up a matter which we discussed yesterday, the question of the use by Canadian forces of tactical nuclear weapons, in order to find out if possible exactly where we stand in respect of this vitally important question. It becomes a matter of immediate importance in view of the fact that the R.C.A.F. is soon to be equipped in part with missiles which will have a nuclear capability, and our brigade group in France will presumably be equipped with weapons which have the same capability.

I should like to draw to the minister's attention, if he has not already seen it, an article in the London *Times* of April 13 by their defence correspondent which is entitled, "Latest Trend in Atomic Weapons". The author of the article is obviously a man who writes with both knowledge and authority. He has this to say in the article in question:

> It is an uneconomic business to make small weapons of this kind—
>
> Small atomic weapons.
>
> —since low yields can only be produced by using fissile material as inefficiently as possible.

Perhaps I might interpolate there to say that my information is that not only do low yields require inefficient use of material but, relatively speaking, the lower the yield the greater the fall-out; in other words, the smaller the atomic weapon the dirtier, as the expression is, the weapon. The article goes on to say:

> Why then are the Americans making smaller instead of bigger bangs for a buck? The impulse comes from the military requirement for atomic weapons which can be used in air defence, and at close range on the battlefield—

Then again in the article:

> With the advent of nuclear parity making total war suicidal, public opinion is finding it easier to envisage limited war. The question is, could atomic weapons be used in a limited war without its spiralling into a total nuclear war? Theoretically, it is the way in which atomic weapons are used—tactically, against an enemy's armed forces in the field, or strategically, against his war effort as a whole—that ought to matter, and not the power of the weapons used. But in practice the public and the politicians are likely to find it easier to contemplate the use of small weapons than of big.

I know the dilemma this involves, which we mentioned yesterday. The minister said, and I do not take issue with him, that it would be an intolerable position to send Canadian forces into action not having the most effective arms that can be secured. I am talking now about tactical weapons. But as this writer points out, the danger would be that the use of these tactical weapons on the battlefield might spiral into the final use of the ultimate weapon.

The minister himself, as I mentioned yesterday, has more than once expressed the fear that this would happen. Therefore before you can arm any unit with even the smallest atomic weapon you have to contemplate the possibility of the use of that weapon degenerating into the use of the larger nuclear weapon. This writer concludes his very interesting and important article as follows:

> A most careful balance will therefore have to be kept between atomic and conventional weapons, however attractive the former may seem at first sight. Our aim—

Presumably he means the United Kingdom aim.

> —in equipping our forces with tactical atomic weapons ought to be primarily deterrence: first, to deter an attack from taking place at all, and, secondly to deter an enemy from exploiting his superior numbers, if he does nevertheless attack. The actual use of tactical atomic weapons ought to be considered a last resort, not so much for fear that it might lead to total war as for doubt about the outcome of a limited atomic war.

I think those views should be very much in our mind as we contemplate the policy to be followed by the Canadian government in this matter. Last February 24, I believe, the Prime Minister stated that the government considered that Canada's forces should be provided with modern and efficient weapons. But he went on to say that it was expedient that ownership and custody of nuclear warheads in Canada, and presumably also in Europe, should remain with the United States. This view of the government is confirmed on page 7 of the white paper, and I quoted this yesterday, where it is said that ownership and custody of nuclear weapons required for Canadian defence forces will remain with the United States.

So I should like to have it more clearly stated than has already been done what will be the exact, precise effect of the negotiations which are now being undertaken by the Canadian government with the United States government on the subject of the use of American nuclear weapons by Canadian forces. The commander of the Canadian brigade in Europe, and he was merely echoing what General Norstad had said more than once, said, and I quoted this yesterday:

> Our defence plans are based on the nuclear weapon.

Presumably he is referring to Canadian defence plans in Europe where the Canadian brigade is part of the NATO forces, and if those defence plans are based on the nuclear weapon what is the capability of the brigade in France in respect of those weapons? A correspondent of the *Globe and Mail* who visited the brigade last March wrote an article from Soest in which he made the statement—perhaps the minister will be able to comment on its accuracy—that there is no such capability now available for the Canadian brigade. That was last March, and I am quoting from this article of March 25 which appeared in the *Globe and Mail*. It reads:

> They—

That is the brigade.

> —have no nuclear weapons now. Although they will this year receive one-half a battery of Lacrosse 20-mile, ground to ground missiles (a battery contains four launchers of 12 missiles each), they will not have the atomic warheads for them and do not know when they will get them.
>
> Nor do they have the cross-country armoured personnel carriers and the helicopters need for atomic warfare. The army has asked for them but so far the government has declined to say yes or no.

Again, he says:

> The Canadians do not have the atomic weapons to defeat an attack, and there are not enough of them to stop an attack without atomic weapons.

He goes on:

> What the brigade needs, according to its officers, are about 400 bobcats (tracked, armoured personnel carriers), 10 heavy transport helicopters, six light reconnaissance helicopters, about six Otter short take-off aircraft, and miscellaneous electronic equipment such as infrared radar. The cost would be about $5 million.
>
> More important, perhaps, the brigade needs a political decision on what kind of war it is expected to fight. If it is to have both a nuclear and conventional weapons capability, then its manpower strength must be increased substantially. If it is committed to nuclear war alone, then it must have the warheads on the spot through arrangements either with the United States or Britain.

Now, Mr. Chairman, this is of course an extremely important matter, and I hope the minister will be able to clear up this morning the exact position of our forces in regard to the use of nuclear weapons, and the exact position of negotiations with the United States; what those negotiations are expected to accomplish and whether, if those negotiations are successful, the statement made by the government earlier through the Prime Minister and the Minister of National Defence will have to be modified accordingly. I refer to the statement to the effect that ownership and custody of nuclear warheads in Canada should remain with the United States.

Mr. Pearkes: I think the Leader of the Opposition made a slight slip in referring to the brigade being in France. The brigade is all stationed in Germany.

Now, regarding the position of the supply of nuclear weapons, it was stated by the Prime Minister in the house on February 20 that problems connected with arming the Canadian brigade in Europe with short range nuclear weapons for NATO defence tasks are also being studied. These studies are continuing and are fast reaching a stage when there can be an exchange of notes of this matter. The negotiations have not been completed at the present time, and I do not think it would be helpful to make any firm statement until these negotiations have been completed. When they are completed, I can assure the Leader of the Opposition that if the house is in session a statement will be made in this house.

Mr. Pearson: I realize that the minister cannot, in the midst of negotiations, make an announcement in regard to the details of those negotiations. My question was a little broader than that. Could he inform the committee whether the purpose of those negotiations—that is all I am asking about—is to put Canada on exactly the same basis as the United Kingdom is vis-à-vis the United States in regard to atomic weapons and the exchange of information with the United States regarding atomic weapons?

Mr. Pearkes: The Canadian brigade is under the command of the commander of the NATO forces in Europe. I presume that eventually the Canadian forces will be equipped with atomic weapons under the same terms as the other NATO contingents under SACEUR which may also be equipped with atomic weapons. There may be a difference—I say may be—in connection with nuclear weapons which are stored in the United Kingdom as opposed to those which are readily available in Europe under the control of SACEUR for the troops under their control.

Mr. Pearson: If I may pursue this matter just a little further, the minister has just said it is contemplated that in due course the Canadian brigade will be in the same position as other members of the NATO forces in regard to the possession, use and control of atomic weapons. I would point out that this would mean, if it were to be taken literally, that all the members of NATO with forces in Europe would have to be in the same position as the United Kingdom, which has already made an agreement with the United States putting the United Kingdom in a special position in this matter. I take it that the minister does not mean that.

The fact surely must be that if the United Kingdom now receives atomic weapons from the United States and those atomic weapons are moved to France or Germany by the United Kingdom for use by its NATO contingent, then the weapons are already under the complete control of the United Kingdom government because of the agreement made with the United States. My question was whether the Canadian position would be the same in respect of any such weapons which might be made available to us by the United States. The minister said we would be in the same position as the other NATO governments. Unless we are in the same position as the United Kingdom we will still be in an inferior position in regard to the control of those weapons.

Mr. Pearkes: As I have said, I cannot make any firm statement until the negotiations have been completed. It would be quite foolish, as I am sure the Leader of the Opposition will recognize, for one to make any firm commitment or to give a definite answer to his question until these negotiations have been completed.

Now, I wonder whether the Leader of the Opposition is confusing the agreement so far as the United Kingdom is concerned with those nuclear weapons which are placed in the United Kingdom for use by the forces of the United Kingdom in the United Kingdom, and not those forces which are actually under SACEUR in Europe.

Mr. Pearson: I was not confusing those two things in my own mind, but I am not going to press the minister. He has said they are in the midst of these negotiations and he is unable, while the negotiations are going on, to give the committee information concerning those negotiations in any specific way. I brought this up because of its importance and also because a statement was made in the house—I think it was toward the end of May—that we had already made arrangements with the United States in regard to the exchange of atomic information which put Canada in a special position.

As a matter of fact, looking at that agreement at that time it was clear that Canada was included with West Germany, Turkey and the Netherlands as NATO countries eligible for the information and equipment needed for the training of forces in the use of atomic weapons, but we were not put in the same position as the United Kingdom. I think that was the inference taken from it in some quarters in this country. The minister says it is impossible to tell us at this time whether those negotiations, now going on, will carry this one stage further and put Canada in exactly the same position as the United Kingdom in the use of nuclear weapons of United States manufacture so far as control is concerned. If our forces in Europe are to have atomic weapons it surely is important to know whether our forces are going to have complete control over those weapons. Nothing could be more important than that. If the minister feels he cannot give any further information at this time in respect of this matter because of the negotiations, then I am not going to press him any further this morning.

Mr. Pearkes: I thank the Leader of the Opposition for the remarks he has made and for the concern he feels with regard to who should have control of these weapons. These matters are under very active consideration and are subjects of negotiation with the United States at the present time. The hon. member's views will be borne in mind.

Mr. Regnier: Mr. Chairman, I should like to congratulate the Minister of National Defence for his clear exposé of the war situation and our state of preparedness to meet a possible attack. I want to congratulate him especially on the fact that for the first time since the last war there is a realistic plan for civil defence. I was much impressed by the statement he made yesterday with regard to the national survival training which is

being introduced through all components of the Canadian army. As reported at page 5355 of *Hansard* he went on to say this:

To date over 750 armed forces personnel have received survival training at the civil defence college at Arnprior and over 1,000 at the joint atomic, bacteriological and chemical school at Camp Borden. The army commands across Canada have conducted numerous courses to provide instructors in rescue operations—

Army headquarters have prepared and issued training directives and provisional training instructions in all aspects of national survival training.

This is a departure from the laissez-faire policy of the Liberals. In 1955, on August 31, at an annual conference held in Edmonton, Alberta by the Canadian Federation of Mayors and Municipalities, experts including Dr. Alvin C. Graves, scientific adviser, Nevada test site operations, Los Alamos scientific laboratory, Los Alamos, New Mexico; Wing Commander Sir John Hodsoll, chief civil defence adviser to NATO at that time; General Charles Foulkes, then chairman, chiefs of staffs committee, Ottawa, Ontario; and Major General F. F. Worthington gave some extremely enlightening addresses. I should just like to read a few paragraphs so as not to take too much of the time of the committee. At page 5 of this volume—and I may say this is from the library of parliament here—of the Canadian Federation of Mayors and Municipalities entitled "The New Dimensions of Civil Defence", Dr. Graves states as follows:

People in Canada have a problem which is somewhat different from the problems of the people in the United States. The reason for that is the geometry of the earth and the line-up of the powers of the earth today. The reason is that if an aircraft were despatched to attack the United States under present circumstances we would expect it to come over the north pole of the earth down from the Arctic regions and down through the plains or the mountains or eastern portion of Canada, attack some targets in Canada, attack many targets in the United States. The plan would be to try to shoot as many of these planes down as possible.

I would like to say one thing, though. When those airplanes are shot down they will carry with them the atomic bombs or thermonuclear bombs with which they were despatched. What of these weapons? Will they crash to the ground and do nothing? I cannot answer that question since I do not know the Russian plan, but it is perfectly possible to put a mechanism on an atomic or thermonuclear bomb such that it will detonate when it drops below a certain altitude. It is perfectly possible to provide that it will detonate when it strikes the ground.

I think we would be more than foolish if we did not at least assume that the Russians might do that.

I should now like to quote from Sir John Hodsoll's address at page 6 of the same book:

Can I highlight a few points? First of all, we are going to keep peace in this world today by being strong, and our strength is not only the armed strength but it is also civil defence. If we ever got into a war there would be two fronts, the military and the home front. They both have to be defended, and they have both got to be held.

So I want you again to feel that every single thing you are doing in civil defence; every day your strength in civil defence grows you are adding to the chances of keeping the peace. After all, there is nothing finer on earth to think about than that.

Then at page 7:

So far as NATO plan is concerned, we are working on the assumption that the first thirty days are the vital ones and within this first thirty days the first three or four days may be the most critical. Our whole emphasis must be "Do it Now". If it cannot be done physically then let us have plans and let us have them tested out just as you are testing out at Calgary this question of evacuation.

We in NATO believe most firmly that our main problem is survival during that period, and when I say survival, I mean human survival. You can rebuild a city but you cannot rebuild human life and provided that we can keep our populations alive and, if possible, unwounded during that critical period although there may be frightful disasters so far as material things are concerned, they can be repaired but each NATO country will have survived and if the war is not over by then, we shall have the strength to put that extra bit of punch in which may make all the difference between defeat and victory.

I repeat, that is only going to be done by facing up to it today with the entire determination that no matter what type of bomb it is, we can defeat it, and we can if we face up to it and think about it.

After this warning by those experts I am really scandalized and shocked that the Liberals of that time did not act upon the instructions of the experts. Today I am pleased to congratulate the present government for doing something about this matter.

From listening to the discussion of the minister and the opposition members, all we get is a gloomy and grim picture of the world situation. The threat today is as great as but not greater than it was in 1955, for example, when experts from the United States and Great Britain visited Canada to address the conference of mayors at Edmonton.

To summarize, I think we know that our only defence is the defence of deterrence, because we have not the means to wage a conventional war. Our only defence is the threat of a thermonuclear war.

This can be summarized as a powder keg policy. It is a policy based on fear of total destruction on both sides. Both sides are holding a lighted match over a powder keg. I have no quarrel with our holding the match over the powder keg even though it is a desperate attitude, since it is a deterrent against attack and a necessity to maintain peace; but what I cannot understand is that we should all stand around the powder keg, exposed without protection, when it may be necessary to drop the lighted

match into both powder kegs. If we peruse the addresses delivered by the experts on August 31, 1955, it is clearly stated that a well planned and organized civil defence is also a deterrent, and it is a deterrent policy of NATO against thermonuclear war. The struggle to win the war will not be carried on by those who will have perished in a thermonuclear war; it can only be carried on by the survivors after the initial attack.

I believe that the most important and urgent national defence policy is to ensure victory in such a war, and that such a victory can only be assured by providing for human survival. This policy of human survival is paramount, and I am certain the Canadian people are not unwilling to spend the money necessary for the effort. We should do as much for human survival as we do for military defence.

I spoke to two hon. members of this house about this. One said, "It's a waste of money". What are we going to do with our money after a thermonuclear attack? The other one said, "I don't believe in getting into a rabbit hole". I think the wise thing to do is not to expose yourself to danger.

I should like to repeat what a famous Greek once said. I have forgotten his name; I think it was Socrates. Somebody was making a speech on patriotism and courage, and after the speech Socrates approached him and asked him, "What is courage?" He said, "It is to maintain your position". Then he asked, "What if strategy demands you should retire?" He replied, "Well, that is different". So, then, real courage is to keep your head. It is to do the reasonable thing in the face of danger. It is not courageous to waste your life because you may need your life to win the war. I think courage is to do what is reasonable, and I maintain that the reasonable thing for Canada is to do everything possible no matter what the expense, no matter what the effort, no matter what the cost, because it is all part of the deterrent and the strategy to win the next war.

Again may I congratulate the minister for taking a step in the right direction.

Mr. Carter: Mr. Chairman, the minister did not make any reference yesterday, either in his initial statement or in his later reply, to the ideological threat which is far more insidious and equally as dangerous as the military threat. Neither did he make any reference to the need for ideological training. I should therefore like to take a minute or two this morning to elaborate on what I said yesterday on this point.

We have been engaged in ideological warfare for the last 40 years, and it seems strange that we should so cheerfully ignore that fact and also ignore the need to do anything about it. We have seen one country after another come under communist domination through ideological warfare without a single shot being fired, and we cheerfully assume that this could not happen to us. This complacency, which is rooted in an attitude of foolish superiority on our part, is playing right into the enemy's hands.

Hon. members who served in the last war will recall that tremendous emphasis was placed on the need to know your enemy. Well, we do not know our enemy as far as ideological warfare is concerned. We do not know his methods or his tactics, and we do not know how to recognize his weapons. We do not know what ideological warfare is. We do not know how to wage it or how to defend ourselves against it. Because we do not know these things we are at a serious disadvantage; the enemy is in a position to use us to attain his objectives, and he often does. On those occasions we unwittingly become a tool in the enemy's hands to further his objectives and bring about our own destruction.

Not only should we be able to understand ideological warfare and recognize the enemy's tactics and weapons, but we should be in a position to develop ideoligical weapons and counter tactics of our own. This is one vital sphere in which, as I pointed out yesterday, we can take the offensive without any appreciable cost to the taxpayers. Furthermore, ideological training will help us to see the true nature of the struggle in which we are engaged. It is a global struggle. We often lose sight of that fact and think only in terms of NATO versus the U.S.S.R., or of the free world versus the communist world. This concentration on military defence and this preoccupation with military preparedness to the exclusion of other threats is exactly what the enemy wants. We cannot make our most effective contribution unless we think in terms of global struggle, global strategy and tactics.

Not only is ideological training necessary to give us the right perspective, but it is necessary also to develop that bedrock unity both within our own nation and among our allies without which effective action is impossible. We are prone to refer to ideological warfare in the most casual manner. Too long have we delayed in taking it seriously, seriously enough to develop our own counter measures, or even to try to understand what ideological warfare is. The Russians place tremendous importance on ideological warfare. It is the primary means by which they plan to take over the world, and we

disregard it at our own peril. If we persist in disregarding it much longer it will, in my opinion, be disastrous.

Mr. Lambert: I should like to say a few words at this time in connection with some of the things which were said yesterday by the minister and by the Leader of the Opposition. I myself was very appreciative of the detailed review which the minister made of the present defence situation, and pleased to hear that the government was taking certain positive steps in connection with our defence policy, steps which I think we were expecting. Some people had expected them, unfairly I think, much sooner, not having the knowledge of the facts which the government possesses and not appreciating all the difficulties and implications of such decisions.

However, the purport of my remarks goes to one of the basic concepts of the defence not only of this country but of the whole Atlantic community. The minister indicated yesterday his grave concern about the relative positions of weapons of offence and defence, indicating that in so far as missiles are concerned the ICBM with a nuclear warhead seems at present to have some years' lead over weapons of defence. And he indicated further that perhaps the use of force as an instrument of policy to settle man's differences may no longer be valid.

Yes; I think we may consider that absolute force as an instrument of policy to settle man's differences may no longer be valid, but I have not seen any reference to limited forces using more conventional weapons. I know this is a problem which has been raised by a number of people in the past, but yesterday the Leader of the Opposition referred to effect of nuclear attacks. We have seen statements made by the office of civil defence and mobilization, or civil defence, in the United States that the explosion of 48 nuclear bombs would have a devastating effect on that country. But surely this concept of absolute defence, and this recognition that the offence at the moment has predominance over defence, are known by those who may be opposed to the free world. This is not a one-way street. And in the light of this particular conclusion would it not be possible for us to become involved in some side effort, some limited military action and, once having been committed, find ourselves without the appropriate weapons with which to conduct it effectively?

This applies not only to Canada but also to the United States and to Great Britain with regard to the development of nuclear missile weaponry at the highest level and the elimination of what might be considered conventional weapons, though that, it is true, is a very relative term. If you have invested all your money in elephant guns you are not going to be able to go out and shoot effectively small game; your weapons are of no use to you. I would like to have heard the minister tell us what the thinking is with regard to this particular problem.

The Leader of the Opposition indicated that he felt we had made no reassessment of our defence policy. But surely there has been a change in concept. When the hon. gentleman was a member of the government surely he felt that a change was taking place in defence concept, and this change is reflected in the changes that are taking place in our own defence structure. It will be recalled that prior to the NATO alliance in 1959, and in fact prior to the Korean conflict, our military establishments in this country were of a very limited nature. Since then our increased military requirements in so far as aircraft are concerned, and even perhaps the subsequent cancellation of the Arrow program, have reflected the changes brought about by technological developments. The Leader of the Opposition felt there was some danger that we were developing a concept of "fortress America", as I think he called it, as against the Atlantic concept. But I put this to him. Was not the Atlantic concept, though a much larger area of defence, based upon the situation up to 1949, and would he not agree that in the 10 years which have intervened we have witnessed a marked change?

The hon. gentleman spoke about the position in October 1957, and I am wondering whether that might not have started a stampede in thinking; whether it might have caused too great an emphasis to be placed upon certain types of development. At any rate, these technological changes have brought about this conception of fortress America within the framework of the Atlantic concept. I think the hon. gentleman will agree with me that at the time of the Atlantic concept in 1949 and the years immediately following, the North American continent, in so far as its own defences were concerned, constituted possibly one of the least defended areas in the world. What is relevant is that this fortress America is the result of an evolution within the Atlantic concept, a very necessary one in the light of technological developments. For this reason I feel that his criticism or doubts as expressed yesterday are not as valid as they might have appeared to be.

Yesterday some quotations from newspapers were read with respect to an alleged defence muddle. It seems to me, without getting into personalities or anything of that

kind, a lack of understanding of the situation comes about in three ways; first of all, through a lack of knowledge of the facts; second a lack of ability to understand those facts if they are available; and, third, in spite of both ability to understand and the availability of the facts, a refusal to see or understand them.

I am just wondering whether all these allegations of muddle, considering where they may have come from, might not be looked at in that light. Did these people have a comprehension of the situation? If they did, would they write or say the things they did? I am always a little careful—by subscribing or even by referring to them—of appearing to adopt such comments.

I have only one passing reference, or a couple of passing references, to make to our own Canadian situation. There was no indication of our complete defence picture. It may be because of the limitation of the time that the minister could rightly say he was not making a complete review of our defence policy, but there is a question that has bothered me for some time and I trust the minister may be able to answer it. It may have been referred to yesterday. I refer to our own armed forces, particularly our brigade groups. It strikes me that the effective use of our manpower in the field, regardless of its weapons, would require not only mobility but dispersement. Therefore, just how mobile are our land forces in this country today? We have certain transport, be it by road or by rail. As one who lives far removed from the capital I fully realize the limitations of rail transport. Then, road and rail do not take us everywhere in this country. Road and rail do not take us in those areas where it may be necessary to engage the enemy.

This brings us down to air transport. I would be of the opinion that if it is economically possible—and I realize the difficulties in the financial limitations in this regard—we should look to a considerable accentuation of the provision of air transport which could be available for a number of uses. Not only would we keep them relatively fully occupied for training purposes but for other purposes as well, since those brigades would have to get used to moving by air much more than they do now. I recall that at the time of the Suez crisis the reliance on commercial aircraft to supplement military transport aircraft did not show up too well, besides which, reliance on civilian aircraft, commercial aircraft, would mean that civil activity, which would be just as important in many fields, would have to halt if the aircraft were taken away. We know we have to move our technical people around as much as we do our soldiers. I should like to ask the minister whether we could have some indication in this connection at this time.

While I am on the subject of our military personnel, Mr. Chairman, if I may be permitted the indulgence of the committee I should like to draw attention to the presence in the gallery of a relatively large number of men of Her Majesty's Royal Canadian Navy. There are 138 officers, chief petty officers and men of Her Majesty's Canadian ship *Cornwallis* who performed on the lawns in front of the parliament buildings on Dominion day. These officers and men are from a training establishment; they are in the main relatively new to the service, and represent all provinces of Canada. I would certainly congratulate them on the very fine performance on Wednesday evening.

My last point, Mr. Chairman, concerns civil defence. Here I would not say too much because I would be merely repeating the views put forward by the hon. member for St. Boniface. I think it was long overdue that our civil defence be taken over by a force, and an authoritative force, able to set it in motion and see to its training. By saying that I do not wish to criticize or belittle the valiant efforts of so many volunteers in the past who, in the various communities of this country to very greatly varying degrees, gave of their time and effort without pay to the development of civil defence. I think this country owes them a great debt of gratitude for what they have done. Now I would say they have the leadership and the force associated with them to give them greater scope for the utilization of the knowledge they have developed.

There are many other subjects on which I wish to speak today, but in the interest of getting on with these estimates I shall raise my points as the items come up.

Mr. Bourque: Mr. Chairman, I should like to ask a question of the Minister of National Defence concerning the Bomarc site. I was wondering whether I could ask him the question on this item. Will the farms on range 4 at Canton Nantel La Macaza be purchased or appropriated for the Bomarc site? If so, in what way will these farms be purchased or expropriated, by superficial measure or by municipal valuation?

Mr. Pearkes: To answer that question, the Bomarc site in northern Quebec, as I stated yesterday, will be in the area of Mont Laurier. I have not given the precise position of that Bomarc site, nor do I think it is advisable to pinpoint those defence positions. After all, they might be considered as targets for enemy

action, and I do not see any point in jeopardizing security by mentioning the particular section or point in an area where batteries will be placed. All purchases of lands which are required will be made in the ordinary way through the defence construction department.

Mr. Pearson: Mr. Chairman, I have one or two matters to put before the minister, but before I do so I should like to say a word or two by way of comment on the remarks just made by the hon. member for Edmonton West. He spoke very interestingly about the concept of fortress America concerning which I expressed some alarm yesterday and concerning which I still feel some alarm if it should develop in the wrong way. He pointed out that fortress America is essentially a development out of NATO, out of, if you like, the Atlantic fortress idea of 10 years ago which was one of the reasons why we created NATO.

But there is, as I understand it, a fundamental difference between these two things. Fortress western Europe, if I can call it that, was built up for one purpose only, a purely defensive purpose, for the protection of western Europe against an aggressor. Fortress America, which may, if you like, have developed out of the NATO idea, has now become, of course, something else because fortress America is the base from which the retaliatory forces will operate, not all of them but perhaps the major part of them. Fortress America in that sense has become the base for the deterrent.

It is also a fortress in the conventional sense, in the sense I referred to when I mentioned fortress Europe, because it has brought about a tremendous effort to make this continent as secure as possible against an invasion which could only come from the air. It is a problem which is becoming increasingly difficult every year. One of the worries I have about the fortress America concept, apart from the fact that it is perhaps tying us more closely than some of us would like to American defence and strategy, is that these two things sometimes conflict with each other, the fortress America concept in the conventional sense and the fortress America which represents the protection of the deterrent.

In all the hearings that have been held in Washington there is obviously developing a great anxiety as to the division of expenditure and effort on one or the other of these ideas, the development of early warning systems, ballistic missile early warning systems, of anti-missile missiles and the F-108 interceptor to protect the continent, and, the other development involving the deterrent, the construction of intercontinental missiles and the protection of the bases from which they will be used so that the deterrent, which I think we now admit is our most effective defence, cannot be put out of action. I wonder, and I expressed this worry yesterday, whether even the United States with all its power and strength will be able to proceed with the development of these two ideas. No one can read the testimony at the congressional hearings without being frightened by the magnitude of the dual operation of the maintenance of the deterrent and the protection of the continent at the same time.

There is an interrelationship also not only between these two continental ideas but between the fortress America idea in either of its forms and the defence of western Europe. The stronger the deterrent becomes, the more effective it seems to be in preventing an all out assault. And the greater the feeling that it is our major protection and will be used as such, the less incentive there is in Europe to devote as much energy and as much of their resources as is necessary for the protection of western Europe itself by conventional means of defence. So you have, you have an example of it right now, almost a vicious circle. If it is not vicious it certainly is a circle. The stronger the deterrent becomes the less incentive there is for the European members of NATO to develop the kind of conventional defence methods which are required so that we will not have to use the deterrent in a limited war.

Mr. Lambert: In that connection may I pose a simple question? Would you wish to halt all technological development?

Mr. Pearson: I certainly would not.

Mr. Lambert: I think that would be the only way to stop it.

Mr. Pearson: As I tried to point out yesterday, you have to maintain the deterrent in its most effective form. Whether you can do that and at the same time spend so much of your resources on continental defence is something for the governments to decide. I would not halt the development of the deterrent technologically, but I cannot see any point in adding to the deterrent beyond the strength which is necessary to accomplish its purpose. If in fact 50 hydrogen bombs can destroy a continent, there is not much point in adding 10, 15 or 20 in the future.

The point I am trying to make is that it should be possible, in fact it is essential, for the members of NATO to have the feeling that they can defend themselves in western Europe against what might be a limited attack not meant to result in a world war. It is surely essential that the NATO countries in

Europe develop a defence against that kind of attack without the deterrent coming into action in the form of nuclear retaliation. The hon. member himself mentioned that one of our difficulties, indeed one of our dangers, is that we have an elephant gun and may not want to use it to shoot small game but may have to use it because we have not a .22.

So we have to have both. We have to maintain the deterrent, but surely we have to concentrate on the kind of European conventional defence which will be strong enough so the deterrent will not have to be used. This dual purpose is the core of our defence problem in the Atlantic community. My worry is that if we spend so much of our energy and resources—by "we" I mean the North American countries—on one aspect, the deterrent, we may discourage the members of NATO from doing what they should do to make the use of that deterrent unnecessary.

The hon. member said something else with which I most heartily agree, and this was also brought up yesterday. He said that we should develop to the greatest possible extent our air transport and make our forces as mobile as possible. That again has a bearing on what I have been talking about, because if we consider it necessary to use a number of our R.C.A.F. squadrons for continental defence—I think the number is nine now—as part of this giant effort, if we have to spend so much money and so much of our air resources on that phase—as the minister pointed out last night, we are not able to develop our air transport to a point where we can move one brigade by air. Here again it is a balancing of priorities. I suggest again that in the reassessment which I still think the government should give to defence policy they should consider whether the priorities in this matter perhaps should be altered.

Mr. Chairman, the member for Edmonton West and the member for St. Boniface both congratulated the government on the progress that has been made in civil defence organization as indicated in the minister's statement. We will have an opportunity to discuss civil defence, as I said last night, when the estimates of the Department of National Health and Welfare come before the committee. Perhaps I should say a word about this in so far as the Department of National Defence is concerned, since it has already been brought up. I did not read into the minister's statement that evidence of great progress which other members on his side have found.

I am not reading from *Hansard* but from the mimeographed version which I have marked, on page 28 of this statement he said that an order in council, known as civil defence order, 1959, had been approved by the governor in council and tabled in the House of Commons. Presumably this is the basis for the statement that progress has been made in the association of the Department of National Defence with this problem. I wonder whether much more has been done in connection with this matter through that order in council than putting another minister in charge of part of civil defence.

I should like the minister to inform me whether the assignment given the armed forces under this order in council is very greatly different from those responsibilities which they had before it was passed. Then the minister said also:

> On September 1 the Department of National Defence will assume full responsibility for the operation of the warning system in Canada.

Would the minister inform the committee as to what extent that is a change? What was the situation before September 1? I am of the opinion, and he will correct me if I am wrong, that this only represents a partial change over the previous situation.

Then the minister went on to say:

> The Canadian army has organized a number of mobile support columns within the regular army and the militia. These columns will be based on major units and training establishments in the regular army. In the militia they will be based on groups of units. Each column contains rescue companies and such other elements as will permit them to perform re-entry and rescue tasks, as well as supplying manpower for maintenance of law and order and such other internal operations as may be necessary under conditions of war.

This, of course, is an important survival function, because it will be a question of survival if we are ever confronted with this kind of catastrophe. Does this represent any great change over the situation which existed previously? Is there not an important omission—we will come to this when we discuss the other departments—in the establishment of a relationship between these army support columns and the local authorities? Has the minister anything to say on that, the relationship which must be established between the army and the other authorities, municipal and provincial, in respect to the discharge of these functions and responsibilities?

Then the minister went on to say:

> Requirements for communications equipment for national survival have been established and arrangements for procurement are being made on a priority basis. The requirement for radiation detection equipment has been established. Industry, however, is as yet unable to meet the standards in all cases. Action is being taken on a priority basis to obtain suitable equipment as it becomes available—
>
> Detailed examination of other items of equipment normally held by the army is being carried out with a view to providing adequate scaling for survival operations for all troops involved.

The requirement for these things may have been established, but I would ask the

minister what progress has been made in the provision of equipment in the last year or so. All he had to say in his statement yesterday was that the requirement had been established, but I gather from his own statement that very little progress has been made in the provision of the equipment in question.

Then he also said:

> Army headquarters have prepared and issued training directives and provisional training instructions in all aspects of national survival training.

It is my recollection that this was done some time ago, even before the present government took office. So, while this statement is perhaps encouraging in that it does show there have been some changes made in regard to civil defence, I do not think it represents the kind of progress which should result in the warm congratulations the minister has received from that side of the house.

Mr. Lambert: It is progress in thinking, surely.

Mr. Pearson: We will see what is involved in this thinking when we have a discussion on this matter. I am suggesting one of the things which might not be progress; that we have now three ministers in the government directly concerned with civil defence and that the relationship between those three may constitute a difficulty, that is between the Prime Minister, the Minister of National Health and Welfare and the Minister of National Defence. It may also constitute a difficulty in the relationship between the federal government and municipal and provincial authorities who are certainly directly concerned with this problem. However, as I have said, Mr. Chairman, we will have a more far-reaching debate on this matter when we consider the estimates of the other department.

There is one other question I want to ask the minister, and it concerns the report of the committee on estimates last year on the Department of National Defence. This report, which I thought I had before me, received a good deal of praise because it made recommendations in regard to the Department of National Defence. Yesterday the minister mentioned that one of these recommendations had been implemented in the form in which the department's budget was being presented to parliament this year. I would point out now that there were a great many other recommendations, and I should like him to inform the committee, if he will, to what extent those other recommendations have been carried out or to what extent it is proposed to carry them out in the department.

At one o'clock the committee took recess.

[Mr. Pearson.]

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pearkes: Mr. Chairman, this might be an opportune time to answer some of the numerous questions which were posed to me during this morning's debate. Various members referred to civil defence, and I should like to thank those who have spoken on this subject. I do not think I need say any more than that the government is taking this matter seriously. We realize that there is likely to be a gap between the time the intercontinental missile is available to a potential enemy and the time an effective defence against the launched missile will be available. Therefore during that interim period we feel that it is necessary to provide all the passive defence that we can provide in order to help our nation survive under the nuclear bombardment should all our efforts to deter the enemy from going to war have failed.

Some progress is being made. As you will recall, earlier this spring the announcement was made that the army would take over greater responsibilities. Since that time an intensive study has been made of the requirements. The organization of the army in Canada has been pressed ahead, and additional training has been given.

Questions were asked with regard to the warning system which will, after September 1, be the responsibility of the army. The army, will have additional personnel they can make available in order to improve the warning system which has been in existence in the past. Additional communication links will be established over and above those which have been set up under the Department of National Health and Welfare and the civil defence organization. It will be necessary to man some of these centres permanently for 24 hours during the day because there exist these possibilities of attack without any warning, and we cannot rely on one system of communication. There will have to be duplicate systems.

A question was asked with regard to the steps which are being taken for liaison between the army commands and the provinces. It will be recalled that the Prime Minister made announcements earlier this year in connection with the arrangements which were being made for the future allocation of duties in the field of civil defence. As I think all hon. members are fully aware, there has been set up here in Ottawa a central authority consisting of a committee of officials, military officers and others to work out all the details. There will be permanent representatives of that committee in provincial capitals for

liaison between the different elements of government. The military commanders have already been instructed to establish the closest possible contact with the provincial ministers who are connected with civil defence. Hence I think there is an improvement there which will lead to still better and tighter arrangements.

The next question asked was with regard to limited warfare. I should like to stress the point that we have in Canada three brigades organized into brigade groups, as I said yesterday; one brigade in the Atlantic area, one brigade in central Canada and one in western Canada. They have not only infantry battalions but all the supporting arms including armour. They are regular troops who could be used at any time for any purpose which the government might decide was in the interests of the defence of Canada or the maintenance of our commitments to NATO and the United States.

Reference was made to the question of the mobility of those troops. I pointed out yesterday that we are increasing the facilities of our air transport command. Additional heavy transports are under order. Those are known as the CC-106. We have on order 10 new medium transports. Then I pointed out how the SA-16-B—that is the Albatross—which is to be used primarily for the purpose of search and rescue and mercy operations can on very short notice be used for the transfer of supplies and personnel.

I am not pretending in any way that we have enough military transport to move one brigade to any part of the world at any time, but we do have enough military transport to move a portion of that brigade, perhaps one battalion, not with their full equipment but with adequate equipment, to take part in a peace-preserving mission to which Canada might be asked by the United Nations to make a contribution. If more troops than that were required we would have to do what has been done in the past; that is, either call upon commercial companies to supply the additional transport or call upon our allies to supply the transport required.

It is hardly a requirement for us to have a large number of air transport vehicles standing by for such an emergency. We can call upon the commercial companies, which can make transport available as they have done in the past, if an emergency arises. While we support wholeheartedly the suggestion of a United Nations police force, the contribution of one full brigade from a country the size of Canada would seem to be rather out of proportion to the requirement which might be needed, unless some of the major countries, such as the United States and the United Kingdom, and so forth, were not taking part in such an operation, in which case I think there would be more transport available.

Questions were asked regarding the mobility of the brigade group in Europe. The brigade group in Europe have a definite role; that is, to try to blunt the attack which might take place through western Europe if Russian forces marched, and to channel those advancing columns into areas where they would be vulnerable to attack by air forces. It will be noted that we are strengthening those attack elements of the air forces in France and Germany by re-equipping our air division there.

I am not minimizing the importance of mobility, but at the moment we have not got a universal personnel armoured vehicle. However, money is provided in these estimates for the further development of the Canadian research vehicle which is generally known as the Bobcat, and if the tests which have been carried out and which have been promising and which will be continued this year are up to expectation, then consideration will be given to the equipping of the brigade with this vehicle.

But while the vehicle has been shown—I think some hon. members have already seen the tests, which appear on the surface to be eminently satisfactory—it must be remembered that those tests were not carried out with armour steel. The tests this year are to try out the adaptability of that vehicle when equipped with armour plate. There were some little difficulties found in the construction of the vehicle as it was tried out last year and this spring which have to be rectified before we can embark on full production and decide that it is necessary to equip the brigade with this vehicle.

In order to make up for that seeming loss of mobility—and I say "seeming loss of mobility" because all the units of the brigade are fully equipped with their total complement of vehicles—this spring we sent over some 200 heavy transports in addition to the normal unit transports, and these additional vehicles will be used for the movement of personnel and equipment as and when required. We are also examining very carefully whether there should be an addition to the number of helicopters which are now available to the army. The army has a few helicopters, but one of the difficulties in that respect is to align the requirements of the three services so that we can get one type, or at most two types, of helicopter to meet the varying requirements of the different services. I hope we are making progress in

that respect, and there is a limited amount of money provided in these estimates for further research. We are particularly anxious that if we increase the number of helicopters there should be a strong Canadian content in the helicopter which is decided upon.

Questions were asked about ideological warfare. I would like to assure the hon. member that this is not being neglected, and that as far as our regular forces are concerned they do receive instruction in this matter. Perhaps it would be more appropriate to refer to the activities of the defence research board in this respect as being anti-ideological warfare; that is to say, they are concerning themselves with steps which can be taken to make our soldiers immune from attacks by the enemy under this heading. Furthermore, consideration is given to this aspect of training at the various training establishments, commencing at the Royal Military College, staff colleges and so forth. I want to assure the hon. member that we are not entirely neglecting that aspect, which I appreciate is a serious one. Remember that the main effect of attacks under that heading would be directed against the civilian population, and of course that comes under the question of education and is rather out of the field covered by these estimates.

The Leader of the Opposition asked for information as to the steps which are being taken in connection with the implementation of the recommendations of the estimates committee a year ago. The first one related to the policy concerning the CF-105 program, and in the final sentence of their recommendation the committee expressed its concern at the government entering into any such weapon program of this magnitude without first negotiating for some cost-sharing agreement by the NATO member countries and the United States of America under the NORAD agreement.

We have not entered into any more contracts of this nature unless one considers—and it is not of the same magnitude—the re-equipping of the air division; and as has already been stated, the Minister of Defence Production will be able to explain the steps which are being taken in connection with the sharing of production in this respect with our NATO partners. Also, in the development of the air defence of Canada we have entered into a cost sharing and production sharing agreement with the United States.

As to the necessity of maintaining separate provost and padre services and separate medical services, definite progress has been made toward the unification of the medical services and the padre services. As to the provost corps, further steps have been taken to integrate the general services particularly with respect to detention barracks, but it is not considered advisable—and I think I said this last year—that personnel of one service should be apprehended or interfered with on the streets by personnel of a different force.

The next question concerned civil defence. That has been covered. The committee wished to impress upon the government the urgency of a review of the civil defence program, and asked that this should proceed without delay. That has been done and the results have been forthcoming. As to the co-ordination of the service colleges and university training, a director of the R.O.T.P. program has been appointed, and there is a high degree of co-ordination there.

With regard to service personnel generally, establishment committees are carrying out a thorough examination of all personnel who are employed in these various branches and every effort is being made to eliminate any unnecessary overhead.

As far as the recommendation regarding the main estimates is concerned, that is being carried through. As I announced yesterday, the estimates are presented in the blue book. They are developed under different headings, and as soon as we have finished this general debate and passed this first item we will be able to go on to a detailed examination of the various forces, such as the army, the navy, the air force, the defence research board and so forth, following the listing of the parliamentary votes as given in the blue book.

I have answered as many of the questions as I remember. I hope I have covered the subject fully; I do not want to deny information which it is possible for me to give any hon. member. I trust I have covered the points which were raised this morning.

Mr. Hellyer: Mr. Chairman, we are prepared to allow the first item to carry on the minister's assurance that there will be no attempt to limit the discussion on the other items of the defence estimates as we proceed.

Mr. Hamilton (York West): I think the item should carry without an undertaking as broad as the one mentioned. I think on the first item of each of the forces' estimates there could be a fairly broad discussion within the realm of the force in question, but to agree that every item should be discussed on a broad general basis would not, I think, be possible.

Mr. Pearson: All we want on this side of the house is an assurance that if the first item carries and we come, say, to the air force,

we shall not be restricted to dealing merely with administrative details of the air force, but would be able to talk about air force policy; we should not like the chairman to say we should have done that under item 1.

Mr. Pearkes: That would be agreeable.

Mr. Denis: There is an expropriation which has taken place at la commune St. Antoine de la Baie du Febvre, county of Nicolet-Yamaska. This piece of land has been expropriated for defence purposes, and I wonder if the minister could tell me under what item it comes in order that I may raise a question about it.

Mr. Pearkes: That would come under vote 216.

Item agreed to.

Inspection services—

215. Operation and maintenance, $6,967,225.

Mr. Hellyer: I note this item has been decreased by $120,000. Could the minister tell us the main functions carried out under this vote?

Mr. Pearkes: Inspectors are appointed to every project which is being carried out, be it construction, be it the development of weapons, be it the provision of clothing and equipment or be it vehicles. The Department of National Defence lays down the specifications in all these cases and those specifications are then handed on to the Department of Defence Production who procure, by letting contracts or other means, the articles which are required.

In order to make certain that the articles being produced meet the specifications laid down by the Department of National Defence and the service concerned, inspectors remain on the various projects. The increase is due to the general raise in salaries which has been authorized for civil servants.

An hon. Member: Decrease.

Mr. Pearkes: I beg your pardon. There has been that increase in so far as the salaries of the personnel are concerned, but the overall decrease is due to a reduction in requirements.

Mr. Hellyer: On Wednesday, May 27, 1959 the minister informed me in reply to a question that on May 1 there were 47 defence personnel and 50 civil employees of the Department of National Defence still employed at Avro Aircraft Limited and Orenda Engines. Will the minister tell me to which contracts these people were assigned and whether there has been any reduction in their number since May 1?

Mr. Pearkes: I wonder if the hon. gentleman will reserve that question until we come to the air force. I think I should then be in a better position to deal with it. The air force officer with the papers would be able to give me detailed information. If the hon. member will reserve his question until then I will give him a full answer.

Mr. Hellyer: I will be glad to do that, but I presume the money comes from this vote.

Mr. Pearkes: No, it comes out of the air force vote for that particular service.

Item agreed to.

216. Construction or acquisition of buildings, works, land and equipment, $563,400.

Mr. Smith (Lincoln): Mr. Chairman, I realize that the minister has very many serious problems to consider at this time. However, I should like to speak briefly on a subject which is of a more peaceful nature, and it is in connection with Canada's national war museum. I brought this subject up at the time of the discussion of the estimates of the Department of Public Works and the minister agreed that we should have a new building for the museum but said I would have to bring it up at the time of the discussion of the estimates of the Department of National Defence.

I find that this building is a very popular place for visitors to Ottawa to go and see. There are some priceless pictures and pieces of equipment there from the first war, the second war and also campaigns even beyond that. If we believe it is necessary that we should have a war museum, then I think we would agree that we should have a much better building than the one we have at the present time.

Mr. Pearkes: I shall be very pleased to bring the recommendation to the attention of the Minister of Northern Affairs and National Resources, who looks after all museums. The funds for the maintenance of this museum come under the Department of Northern Affairs and National Resources. I shall be pleased to bring the recommendation to the attention of the minister.

Mr. Pickersgill: Who has the jurisdictional responsibility for the war museum now?

Mr. Pearkes: The Department of Northern Affairs and National Resources.

Mr. Pickersgill: Under what statute? Perhaps the Minister of Northern Affairs and National Resources can tell us under what statute he has that jurisdiction?

Mr. Pearkes: There is no statute. That is where the administration lies. All museums come under that department.

Mr. Pickersgill: Since what date has that been the case?

Mr. Pearkes: The war museum was transferred in 1957.

Mr. Smith (Lincoln): Mr. Chairman, as long as we get the right party in the end that is quite all right, but I might repeat that the Minister of Public Works referred me to the Minister of National Defence. However, the minister has agreed to bring it to the attention of the proper people. All I can say is that I am quite interested in it and I hope that consideration will be given in the very near future to providing either a new building or more space for those weapons and relics of past wars.

Mr. Meunier: Can the minister tell us what was paid for land bought by way of expropriation in the province of Quebec for the needs of the army?

Mr. Pearkes: Would the hon. member bring that matter up under the army estimates, when the representatives of the army are here with their books and will be able to supply the detailed information he requires?

Mr. Denis: I should like to ask the Minister of National Defence under what item we should inquire about the expropriation of land in Nicolet-Yamaska county?

Mr. Pearkes: That is correct; this is the item dealing with that. I did not realize it referred to the same property.

Mr. Denis: We have seen in the papers that this expropriation has been completed by the present government at a certain price. We should like to have some explanation as to the appraisal made during the time of the previous government. What was the municipal estimate or appraisal and what was the price paid for the land. We read in the newspapers that the amount was $400,000. We should like to know if that is the net price or whether interest is included in that amount. How many appraisals were made by the government? I think it was studied in 1951. This piece of land has been expropriated for army testing purposes.

Mr. Pearkes: The land is purchased by the Department of Transport acting as our agent in that respect, and the deal is finalized by the Department of Justice. At the moment I have not the actual amount of money which is allocated for this in the estimates; I am having it looked up. In 1958-59 the sum of $430,000 was made available for the purchase of this land.

[Mr. Pearkes.]

Mr. Denis: Was the land called la commune St. Antoine de la Baie du Febvre? Was it a piece of land that nobody could cultivate because it was too poor?

Mr. Pearkes: The first part is right.

Mr. Denis: And it is flooded most of the year?

Mr. Pearkes: It was a piece of property known as a commune.

Mr. Denis: Is the minister in a position to tell the committee what was the municipal appraisal of this commune?

Mr. Pearkes: I could not tell the hon. member what the municipal appraisal was in that respect.

Mr. Denis: From which department can I get this information?

Mr. Pearkes: I will see whether we can get it through the Department of Transport who, as I said earlier, are the agents for purchasing property for the Department of National Defence.

Mr. Denis: I hope there is no misunderstanding between the Minister of National Defence and the Minister of Transport. The minister could get in touch with him very easily. I am asking the question because a few weeks ago the hon. member for Papineau asked a question about the piece of land which had been purchased by the present government. We all saw in the newspaper a picture of the Minister of Mines and Technical Surveys, and we wondered whether the Minister of Mines and Technical Surveys had anything to do with this expropriation or the handing over of the cheque. We do not know whether it was money that came out of the taxpayers or out of the minister's own pocket. He said he had settled an expropriation matter which had been pending for five or six years, which expropriation the previous government did not settle.

Of course we would like to know what offer was made by the previous government and what is the exact amount which has been paid by the present government. I would like to know, having regard to the previous appraisal, whether the present government paid three or four times the value of this land. Of course you can always settle a matter very quickly when you pay four or five times the value of the property. It is easy to settle any kind of matter; you can do it in a few hours and maybe in a few minutes or even quicker than money can be collected for the Minister of Finance when he asks for a loan if you pay three or four times the value.

I would be very much interested in having a breakdown of this $430,000 which was paid

on this expropriation, because I am aware that the exchequer court still exists even while the present government is in power. When the government appraiser does not satisfy the owner the only thing to do is go to the Exchequer Court of Canada and get an appraisal that is binding on the two parties unless the judgment of the court is appealed. I know, for instance, that one piece of land has been expropriated for the very same purpose near the land we have been talking about. This land belonged to an efficient farmer and was cultivated, whereas the other piece of land is almost sterile and of no use because for the biggest part of the year it is flooded and for the balance of the year it is only a place to put cows or sheep. If you had a good horse or a good cow you would not send it there, because there is a mixture of animals and people can only send poor horses or cows there. However, I am told that during the last year nobody wanted to send any cattle there so the land is almost negligible in value as far as the soil is concerned.

I see that we have paid $400,000 for 4,000 acres, which means a price of $100 per acre, yet in the case of 20 other sales in the same area involving good land with barns, sheds and everything else needed for farming, the average price is much below $75 per acre for good, cultivated land. How is it that the new government has paid $100 per acre for a piece of land that is of no use at all for farming? I should like to know if the previous government was as generous as the present one in expropriating such lands.

Mr. Pearkes: I will be very pleased to take up this matter with the Minister of Transport. I appreciate the hon. member's interest, and as the funds come out of the Department of National Defence I am naturally anxious to see that there has been no unnecessary expenditure of money. As soon as I can get in touch with the Minister of Transport I will endeavour to get the information for the hon. member, and I will see that he is fully informed on the matter.

Mr. Denis: Possibly we could suspend this item until we get the information. I have asked only a few questions, but there are many others I should like to ask the minister regarding this item. I know he will be glad to give the information to us.

Mr. Pearkes: I am prepared to let it stand for the time being and I will get the information.

The Deputy Chairman: Is the committee agreeable to letting item 216 stand?

Some hon. Members: Agreed.

Item stands.

Royal Canadian Navy—

217. Operation and maintenance, $192,550,000.

Mr. Winch: I should like to say a few words on this item. By way of introduction may I point out that if my information is correct, and I think it is, the only time a shell ever landed on Canadian territory in the last two wars was in British Columbia, when the present Minister of National Defence was G.O.C. of the western command. At that time a Japanese submarine fired at a lighthouse on the British Columbia coast. The shot missed the target, but it did land on the British Columbia coast. I am certain that the then G.O.C. will recall that the only shot ever to land on Canadian soil was from a Japanese submarine which missed its target. I want to mention that because I think it is a most interesting little anecdote and perhaps not too well known.

That leads me to the subject of submarines. In recent days we have read in the newspapers two reports of submarines off the Atlantic coast and also of a submarine off the British Columbia coast. I cannot and will not ask what occurred, but I do know that our maritime defence force in British Columbia went into action to find out if there was a submarine off our coast and why.

This leads me to what I want to say more particularly by way of complementing what I said yesterday. I believe all of us would like to hear more from the minister about the department's policy as to the development of defensive measures against the possibility of missile attack from a submarine source. My knowledge is limited, though I hope it is fairly good, and I believe the minister and his predecessors have been working toward the development of methods to meet what must be considered a major problem, an attack on the Atlantic or Pacific coast of Canada by submarines of an aggressive nation using the missile.

The minister informed us both yesterday and today that there are now two detachments. This means that all ships of the St. Laurent class are now on the British Columbia coast and that all ships of the Restigouche class are on the Atlantic coast. I should like to ask the minister if all ships of the St. Laurent class which he says are now on the British Columbia coast, and those of the Restigouche class which are now on the Atlantic coast, are completely equipped as submarine hunters. If so, are they completely equipped with the most modern equipment, not only to search for submarines but also to counteract a missile when discharged or to possibly alter the course of a missile after it leaves the submarine?

This is important, so long as it does not disclose a security measure, and I should like to know just how well equipped they are. How far does their equipment go? Is it only for detection, or are they able to counteract the missile once it has left the submarine?

I may say, Mr. Chairman, that I am very proud and grateful for this type of development in our naval service. In view of the minister's statement, and in view of the hundreds of millions of dollars that were spent, I should like to know whether or not we might be able to save a few hundred million on other aspects of defence which I think are useless, and add to the naval service which I think can make a real contribution to this country, to North America and NATO.

Mr. Pearkes: I remember the episode to which the hon. gentleman referred when certain shells were fired near Estevan point on the west coast of Vancouver island. This episode is rather vivid in my memory. As a result of that, we are doing all we can to protect the shores of this country, both the Atlantic and the Pacific, from similar attacks. The submarine menace has increased considerably since world war II. The hon. member is quite correct when he says there are some submarines which can, at the present time, fire missiles from their decks. We may expect further development along those lines in the next few years.

As I said yesterday, and I regret that I have to repeat it, because I think it is important, at the present time there is no defence against the missile once it has been launched, whether it be launched from a submarine or from a land pad. We are, therefore, increasing the ability of our naval escorts to hunt out and destroy hostile submarines as far away from our coasts as possible. That may mean hundreds of miles from our coasts. It means that we have to have large ships, larger than the old destroyers of a few years ago. They have to be seaworthy and they have to be able to remain on patrol for days at a time. This is one reason why we are spending the money to get a tanker this year, so as to enable our ships to remain on patrol longer and replenish them while they are there.

The hon. gentleman asked about the equipment. Well, I cannot and should not give details regarding the range or even the number of weapons our ships are carrying. Let me say this without any qualifications at all, that I believe our ships are equipped with the very best type of sonar detection devices that are procurable in any country in the world. I feel it is rather significant that the Royal navy, in the last few months, has made arrangements to buy from Canada some of the sonar equipment we have developed.

These are the means of detection by surface vessels. They are supplemented by similar equipment which is carried on the Argus marine aircraft on the Atlantic coast and the Neptune marine reconnaissance aircraft on the Pacific coast. All our ships are armed with the 43 torpedo, and torpedoes now have a homing warhead and are far more effective than they were at the time of the second world war.

In addition these ships carry batteries either of the Squid or Limbo mortar, which are able to fire mortars and depth charges in a pattern so they may destroy the submarine once it has been found. The problem is to keep our ships afloat as long as possible, and to prevent hostile submarines from coming within range of our shore targets. We have to strike a reasonable balance between the requirements of the navy, the army and the air force. This year roughly 18 per cent of the total expenditure is for the naval service.

Mr. Winch: May I follow that up? I am no expert on these matters but I believe the minister, in his last statement, has brought out the important phase of this problem. He gave the figures for the percentage spent on the navy, the percentage spent on the army and the percentage spent on the air force. In my opinion, Mr. Chairman, there is the absolute key as to why we have not a defence policy. It is not a matter of what percentage has been spent for the navy, what percentage has been spent for the air force or the army. For what is the money being spent, not in so far as each of the three services is concerned but in so far as a national defence policy is concerned?

I believe the minister said 18 per cent was being spent on the navy. The fact that 18 per cent is being spent on the navy does not mean a confounded thing. What does mean everything is, what is our defence policy? What is the part the navy plays in it?

Speaking for myself, quite bluntly, I believe that you could save a good deal of money which I think is being wasted now in many expenditures and could perhaps do more on the navy front in the type of ship protection or anti-submarine protection. It is not a matter of percentage; it is a matter of protection. I should like to add this. I have asked the question and I received the answer no. I want to say that in my estimation you could save a great deal of money on many of the expenditures under your defence estimates and could perhaps spend it to a good deal more advantage under this vote for the Royal Canadian Navy on the type of work known as anti-submarine protection, than it is being spent at the present moment.

Mr. Pearson: It seems to me that the minister has been responsible for a masterpiece of understatement when he informed the committee that if in the future there should be a naval attack on Canada it would not be similar to that of the Japanese submarine which fired one shell at a lighthouse and managed to hit the British Columbia coast.

Mr. Winch: It missed it.

Mr. Pearson: Yes; it missed the lighthouse and hit the coast. We know something about the nature and the scale of what a submarine attack would constitute in the future from what we have read about the success of the United States in developing a nuclear powered submarine. The very magnitude of the achievement of the United States in this field and the claims that have been made by the United States for that achievement in respect of this nuclear powered submarine must cause us to worry about the threat to our security from that kind of attack from an unfriendly power. We are indeed terribly vulnerable to attack by sea at the present moment.

The minister mentioned the fact that there was now a submarine from the decks of which missiles could be fired. There is one submarine which I believe can fire nuclear missiles of the Polaris type not from the deck but from well below the surface of the sea. Although I am certainly not an expert in these matters, I suppose that constitutes an entirely new problem in security. I understand that this submarine and other atomic powered submarines can remain submerged for long peroids of time and that it is extremely difficult or perhaps impossible to detect them through the ordinary methods of detection. I know that those methods have improved greatly since world war II. I know that the minister cannot give us the details with regard to that matter, but from the point of view of national security surely it is important to know whether sonar and something called NORAD are reasonably effective in relation to the kind of naval threat to which we are exposed at the present time.

I am informed that that threat has not yet taken the form of atomic submarines possessed by the Soviet union. I know, as does the minister, that the Soviet union has many hundreds—perhaps more than four hundred—of modern ocean-going submarines; and in the course of time, if not at present, they will have a submarine which would be the counterpart of the *Nautilus*. We are therefore faced with the possibility of a form of attack on this continent and on the continent of Europe which might be more difficult to detect and to counteract than an attack even from the air. I therefore wonder whether our methods of defence or our methods of detection are effective against this kind of threat or whether we are spending our money on a form of naval protection which was certainly effective a few years ago but which may not be effective in terms of present circumstances.

This, of course, is another aspect of the general dilemma that we face. As I ventured to say yesterday, the United States, a great power, cannot afford to take any chances and is obliged to secure every sector of the defence front whereas a country like Canada, which must be more careful in the allocation of its smaller defence expenditures, must give consideration to this matter in a way which is not done by a great power. I therefore ask the minister—and I have no desire to ask him to go into details because I know that would not be proper—whether he can give us a reasonable assurance that these methods of detection and destruction of submarines which I have mentioned are effective enough to warrant the continued expenditure of extremely large sums of money for the construction of ships which would be the vehicles for this detection apparatus.

I was reading—indeed I mentioned it yesterday—the testimony of Admiral Rickover. In emphasizing the character of this particular menace he has said that the best way of destroying the new type of submarine was through another submarine. We are not likely to become involved in that kind of protection and destruction unless we can work out some kind of arrangement on an exchange basis which would make it unnecessary for us to spend the amount of money which is required for that kind of submarine. If in fact that is the way to destroy submarines in the future through other submarines, can we be sure that the money we are now spending on our anti-submarine warfare is being effectively spent?

Mr. Pearkes: I should not like in any way to minimize the problem which has been presented by the Leader of the Opposition. It is a real problem and one which is causing our naval staff the most serious consideration. It is the one problem upon which the Royal Canadian Navy is now concentrating. It is the major role of the Canadian navy to protect our shores against submarines, and for that purpose all their efforts are being devoted to improving the type of equipment, the training and the efficiency of our ships and our aircraft and the crews which man them. We are getting a great deal of co-operation from the Royal Navy and from the navy of the United States in that they make available to us submarines which

can be used as targets for our craft to train upon. We are continually carrying out exercises with the Royal Navy, the navy of the United States and other SACLANT powers in the Atlantic, in the Pacific, in the Mediterranean and in the Carribbean and an intensified effort is being made to have our equipment and our personnel brought up to the highest possible state. In addition to that our defence research board has naval anti-submarine stations established, and there is a tremendous effort being made by the defence scientists in order to improve our means of detection.

Mr. Hellyer: Could the minister give us any indication of what the useful life of our destroyer escorts might be?

Mr. Pearkes: It is usually estimated that 20 years is the life of a naval vessel.

Mr. Hellyer: Twenty years is the normal life of a naval vessel. In view of the rapid development of the trend there seems to be toward submarines and anti-submarine submarines has the minister any estimate of the number of years it will be before these destroyer escorts will become obsolescent as submarine destroyers?

Mr. Pearkes: Of course, the means of detecting and destroying the submarine which are carried on these destroyer escorts can be changed as new inventions and new technological information becomes available. There is no reason at all why it should be considered that the weapons or the means of detection remain static. The ship itself should have a life of approximately 20 years, but even if new means of powering the ship were introduced, it does not mean that the whole ship becomes obsolescent, because those changes can be introduced if necessary.

Mr. Hellyer: Has the minister given active consideration to the possibility of the Canadian navy acquiring anti-submarine submarines at some time in the future?

Mr. Pearkes: I have mentioned in the house, I think, before that we have teams of naval experts and scientists who have been, and still are, investigating the developments which are taking place in submarine construction both in the United Kingdom and in the United States. I am not in a position at the present time to make the statement that we are or are not going to go into the anti-submarine submarine role. We have to gain a great deal more experience before we can venture into such a role. I do not want to be stampeded into doing that just in order that we may have what has been referred to as a prestige weapon. It has not yet been proven that the submarine is the best answer to the submarine, because the range of the weapon carried by the submarine does not reach anything like the same distance as the detection devices on the submarine. Until there is an improvement along those lines it would be unwise for Canada to commit herself one way or the other.

Mr. Hellyer: Can the minister give the house any approximation of when the British will launch their first atomic powered submarine?

Mr. Pearkes: I cannot give any information about another country. They are not included in these estimates. We are providing no money to assist the British to build submarines.

Mr. Hellyer: Can the minister tell the committee how many Wrens we have in the naval service at the present time?

Mr. Pearkes: We have 25 Wren officers and 113 other ranks. There are 55 women in the medical branch, making a total of 80 officers and 113 other rank Wrens.

Mr. Hellyer: Has there been any extension or contraction in the number of trades filled by the Wrens and the nursing sisters?

Mr. Pearkes: There has been no material increase in the number of Wrens over the last few years?

Mr. Hellyer: Not the number of personnel, the number of trades which they fill. I want to know the number of functions.

Mr. Pearkes: There has been no material change.

Mr. Herridge: Mr. Chairman, I was interested in the minister's statement as to the number of commissioned officers in the Wrens and the number of other ranks. Could he explain why there is such a large proportion of commissioned officers?

Mr. Pearkes: All the medical personnel in the Wrens are commissioned officers. They are nursing sisters, and nursing sisters are commissioned.

Mr. Hellyer: Recently there were some changes announced in the training policy of the Royal Canadian Navy. I wonder if the minister would be good enough to elaborate on the announcement?

Mr. Pearkes: The changes were introduced in order to have a general service in all ranks of the navy. Instead of having certain classified officers, such as an engineer officer, whose opportunities for promotion were very limited, they now all go in on a general list. The same principles apply to the seamen in

the navy. It has been under experiment for about six months now and the reports I have received are very favourable.

Mr. Hellyer: Does the navy still operate two basic training schools at *Cornwallis* and *Iberville* and if so, will the minister explain the functions of each?

Mr. Pearkes: *Iberville* is a preliminary training establishment for French-speaking men who wish to join the Royal Canadian Navy. It is located in the city of Quebec, and the idea is to enable lads from the province of Quebec who are not fluent in English to have the opportunity of improving their English before they join general training establishments. The general training establishment for all ranks is *Cornwallis* in Nova Scotia, and the general technical training school is at Esquimalt in British Columbia.

Mr. Pickersgill: Could I ask the minister if any special efforts are being made to encourage Newfoundlanders to go into the navy?

Mr. Pearkes: I am very happy to say that no special arrangements are necessary because we are getting a splendid entry of Newfoundlanders into the navy. As the hon. gentleman knows, Newfoundland has a very long tradition of naval heroism and service both in the royal navy and now in the Royal Canadian Navy, and we welcome Newfoundlanders into the Royal Canadian Navy most wholeheartedly.

Mr. Pickersgill: Could the minister say what naval establishments there are in operation in Newfoundland at the present time?

Mr. Pearkes: There is the station known as *Avalon* in St. John's and *Cabot* is the reserve training establishment there. Further refuelling facilities are being provided in St. John's harbour so that it can be regarded as an alternative place in the event of hostilities breaking out and would enable Canadian naval vessels which are on patrol in the northern Atlantic to refuel and replenish their supplies in St. John's harbour.

Mr. Pickersgill: There are no establishments anywhere except in St. John's?

Mr. Pearkes: No Canadian naval establishments. There is, of course, Argentia, the United States base.

Mr. Pearson: I wonder if the minister could explain this increase in travelling and removal expenditures amounting to almost $200,000, the increase in telephone, telegram and other communication services amounting to something over $100,000 and the increase in the cost of publication of departmental reports of about $70,000.

Mr. Pearkes: As far as transportation is concerned, I think that reflects the general increase in all transportation charges. As the hon. gentleman knows, there has been a steady increase in freight rates—passenger service and so forth—going on all the time. The main increase is due to increased freight rates in connection with the movement of naval personnel.

Mr. Hellyer: How many schools are operated for children of naval personnel?

Mr. Pearkes: I could not say offhand. I think there are two schools operated at Esquimalt, about three in the Halifax area and one at Shearwater. I could not say exactly.

Mr. Hellyer: And these only operate in areas where provincial schools are not available?

Mr. Pearkes: That is correct. They operate at stations where it is not possible to send the dependant children to provincial schools. We should prefer to be out of the education business, but it is a service we must provide for our dependants.

Mr. Hellyer: Would the minister tell the committee what facilities the government has for training technical personnel and where these facilities are located?

Mr. Pearkes: As I mentioned earlier, the technical training program is carried out at Esquimalt and only last year a fine new technical training school was opened in the dockyard there. It is extremely well equipped, and that is where most of the technical training is carried on.

Mr. Hellyer: How many apprentices have enrolled there and what are some of the trades they learn?

Mr. Pearkes: If the hon. gentleman would read the white paper he would find all that information contained on page 37 where the actual numbers trained, and so on, are given.

Mr. Hellyer: I am sorry. I must have overlooked it.

Item agreed to.

218. Construction or acquisition of buildings, works, land and major equipment, $94,942,000.

Mr. Hellyer: I wonder if the minister would give us a breakdown of the major expenditures under this item and the purpose of each major expenditure?

Mr. Pearkes: I have some figures here for major construction at sites. At Halifax, according to this year's estimates, it will

amount to some $1,795,000; at Dartmouth, for the naval air station, $2,660,000; at Cornwallis $1,345,000; at Sydney, Nova Scotia, $575,000. There are other smaller expenditures, but at St. John's Newfoundland there is an expenditure of $270,000; on the west coast there is an expenditure of $1,985,000 at Esquimalt, and for the various naval radio stations the sum of $330,000.

Mr. Hellyer: I am sorry that inadvertantly we let item 217 pass without asking about aircraft, and I wonder if the minister would be willing to give us some information as to the type of aircraft doing service in the navy, what the proposed expenditure for the fiscal year is and, finally, what naval air reserve squadrons are still operating, if any.

Mr. Pearkes: The two main types of aircraft are the Banshees and Trackers. Both of these are aircraft which operate from the carrier *Bonaventure,* but in the case of the Tracker, it does operate from the shore. The Banshees are essentially fighter aircraft with the role of driving off hostile aircraft which might be attacking our own aircraft or even the carrier itself. The Trackers are reconnaissance aircraft to assist the Argus in locating hostile craft. We also have for intercommunication purposes a limited number of helicopters which can be used for transporting personnel from one ship to another. They are capable of landing on our destroyers. I have myself landed on one of the destroyer escorts from a helicopter. They are also invaluable in reconnaissance and anti-submarine work.

Mr. Hellyer: I did not gather which planes are still being delivered or will be delivered during the coming year.

Mr. Pearkes: The delivery of Trackers has not yet been completed and if I remember accurately we have some 100 of these to be delivered; I am sorry that would be the total, with what we have to date. And in this year's estimates it is shown that $21,570,000 is provided for the Tracker aircraft.

Mr. Hellyer: I wonder if the minister could tell us what the advertising budget was, or would he prefer to deal with it first once for the three services?

Mr. Pearkes: They are broken down between the services. Last year we reduced the amount of advertising by one-third. That advertising is used for recruiting purposes.

Mr. Hellyer: Can the minister give us the expenditure last year on advertisements placed in other than English or French language papers?

Mr. Pearkes: The hon. member means foreign languages—ethnic group languages—is that the term? I do not think I have that information with me. We do engage in a certain amount of advertising in the languages which are used by people who have not been in this country very long and who might be interested. Advertisements are placed in the different papers by agencies with the general principle of getting the greatest value for the amount of money expended.

Mr. Hellyer: Does that apply to the other services, too?

Mr. Pearkes: That applies to all the services. I believe all the services carry on an advertising program to a limited extent, and some of it is done on a tri-service basis in the papers of the ethnic groups.

Mr. Pearson: There is an amount in this item of $29 million for the procurement of ships. How much of it is in terms of ships themselves? What ships are involved?

Mr. Pearkes: With respect to destroyer escorts, in the original program of 14 ships there is still $8 million provided in this year's estimates for that: in the destroyer escorts' new program, that is the repeat *Restigouche,* the first of which was laid down in Vickers yards early this year, and the second of which is to be laid down this month, there is the sum of $15 million. That embraces all the preliminary work, plan making and that sort of thing, for those ships. There is $2 million for the tanker to which I have referred already. There is $1 million for mechanical equipment for existing ships and for miscellaneous which includes drawings, gear testings, and so forth, $3,280,000.

Mr. Pearson: The minister mentioned a figure of $2 million for a tanker which was, of course, included in his annual report. I gather the purpose of this expenditure is to construct a tanker so that our anti-submarine vessels can remain for a longer time at sea; but since our naval strength in the Atlantic is so closely integrated with that of the United States under NATO command, would it not have been possible to accomplish the same purpose by the utilization of United States tanker strength—and there must be a very considerable amount of that—which could have been made available to Canadian naval vessels without going to the expense of building a naval tanker of our own at a cost of $2 million.

Mr. Pearkes: Under the general nature of the plans these ships on the Atlantic, as the hon. gentleman knows, come under the operational command of SACLANT in the event of hostilities breaking out. First, each nation provides its own logistic support. It is quite possible, in the event of hostilities breaking out, there might be a pooling of the support.

The plan of program at the present time is that each nation should supply its own logistic support.

Mr. Hellyer: Mr. Chairman, in May, I think it was, I asked a question with reference to the sale by the Department of National Defence of a parcel of land for the purpose of building a shopping centre. The minister replied that it had been sold without tenders being called. The reference may be found in *Hansard* of May 6, 1959. The minister told us that 4.8 acres had been sold for $8,500. In reply to a later question of mine he informed the house that tenders were not called. The answer further said that the reason for this most unusual way of doing business was that a contract had been let with the purchaser for the construction of a shopping centre according to the specifications set by the Department of National Defence. I wonder whether the minister will explain the details of this transaction, what the specifications for the shopping centre are and the present state of the project?

Mr. Pearkes: The answer that I gave on the occasion that the hon. gentleman referred to was that in September, 1958 the company came forward with a proposal to erect a shopping centre on this particular parcel of land, and that was after many years, or some considerable time, of endeavours to try and get a shopping centre built in this area for the convenience of the personnel there.

Mr. Hellyer: I know the minister does not want to be unfair. Previous efforts had been made to have a shopping centre built on leased land.

Mr. Pearkes: That is right. Efforts had been made by the previous government and every effort had been made to provide this facility but without success, I am afraid. This was the first opportunity which looked promising and since there had not been anybody else coming forward to offer to build this structure, the arrangements were made with this particular company and sale was recommended of the land on the understanding that it would be used solely for the development of a shopping centre for the benefit of the naval personnel in that area.

Mr. Hellyer: What is the state of the development at the present time?

Mr. Pearkes: I am afraid the progress has not been very satisfactory and I do not think the actual building is started even now.

Mr. Hellyer: Is the minister aware that the company to which it was sold has filed notice of bankruptcy?

Mr. Pearkes: I have been so informed.

Mr. Hellyer: Has the land been deeded to that company by the Minister of National Defence or is title still held by the crown?

Mr. Pearkes: I am informed that the crown is fully protected in this case.

Mr. Hellyer: If the crown is protected, it still has title to the land and it will be able to make some other arrangement for the construction of a shopping centre on that site.

Mr. Pearkes: We hope to review the whole situation and hope that it will be possible yet to make arrangements for the construction of a shopping centre on that site because it is urgently needed.

Mr. Hellyer: Would the minister care to inquire into the situation and give us a report as soon as he can as to the present state of affairs and as to how soon those arrangements can be made to let someone else undertake the project if they are willing to do so?

Mr. Pearkes: I am afraid I have no more information other than what I have given the hon. gentleman. We will keep this matter under very careful advisement and I hope that a satisfactory solution will be reached in the not too distant future. Beyond that I cannot go.

Item agreed to.

Canadian army—

219. Operation and maintenance, $357,913,000.

Mr. Winch: On this item having to do with operation and maintenance of the Canadian army, I should like to say first of all perhaps I made a mistake when I said the government has no defence policy. They must have some policy or they would not have this estimate. Perhaps I should change what I said and say that Canada has no defence.

As I said yesterday, I was most interested in the remarks of the Minister of National Defence on the introduction of his estimates. I was perhaps more interested in the answers he gave last night to the questions raised by the Leader of the Opposition, myself and others. Because of his answers I believe we are entitled to ask the Minister of National Defence under this vote—not only entitled to ask but we should ask—what is the defence of Canada as far as the armed services are concerned?

From everything we heard yesterday and today from the Minister of National Defence our defence is that we are not going to face a war between 1960 and 1965. We are going to spend hundreds of millions and billions of dollars on all forms of offensive and defensive weapons, but everything that the

government is now planning and doing is based upon production in 1961, 1962 and 1965. What the situation will be then we do not know. If we go back over the last few years we know that we have always faced the threat of war. I am going to be quite honest. If war is going to come there will not be six months, one year or five years notice of a war.

What intrigues me under this vote is the mobility of our Canadian army. Two years ago in an emergency the mobility of the Canadian forces was such that the R.C.A.F. could not move 133 militia personnel from St. John's to Petawawa. They could not do it in an emergency. What was the emergency? The men would not go on a certain type of plane and because they would not go on a certain type of plane the R.C.A.F. could not move these 133 men from St. John's to Petawawa as equipment was not available.

I think I heard the minister correctly last night and I think I have read what he said correctly. Dealing with the active armed forces in Canada, he said that we could not move one battalion with all its equipment in an emergency. What is a battalion? A battalion consists of not more than 1,000 men. So after $1½ billion and $2 billion a year over the years having been spent by this government and the previous government, right now in 1959 the Minister of National Defence says that in this day of possible spark war and fast moving emergency we cannot move one battalion with its equipment by air. We cannot move a battalion of 1,000 men.

Again, if I heard the minister correctly and read what he said correctly the minister said last night in reply to the Leader of the Opposition that it would take a long time and over $300 million before we would be able to make a brigade immediately mobile in Canada. With all the money, all the hundreds of millions and billions of dollars that have been spent by the Canadian taxpayers, do you, sir, understand why I now direct a question to the Minister of National Defence when he stands up in the House of Commons and says that not until the end of this year or until the beginning of 1960 can we even move a battalion of 1,000 men in Canada, with their equipment, and that not even consideration has been given to the possibility of moving a brigade?

Yes, Mr. Chairman, the minister can look up because I heard what he said last night and as I could not believe his statement I read it again this morning in *Hansard*. He said that it will be the end of this year before the R.C.A.F. will be able to move a battalion with its equipment. Am I wrong? No. For what have we been spending these hundreds of millions and billions of dollars when we will not be able before the end of this year or the beginning of next to move 1,000 men of the armed forces with their equipment?

Mr. Pearkes: I wonder whether the hon. gentleman would give me the page from which he is quoting?

Mr. Winch: I do not have it right in front of me at the moment. I will produce it. I know it is there. The minister said a battalion and a battalion is 1,000 men. A battalion is 1,000 men, is it not? The minister also made a statement about the cost of moving a brigade with all its equipment.

But the most important thing to me at least is the matter of a Canadian mobile force available to the United Nations as a police force. I want to say to the Minister of National Defence that I was most disappointed, in fact almost heartbroken, with what he had to say last night in that there has been no request made for Canada to do this. How long would it take Canada to answer a request if it ever came? The answer there is clear. The only time a request was ever made to Canada was when a speech was made about the Middle East situation by the man who is now the leader of Her Majesty's loyal opposition at the time he was secretary of state for external affairs, and for which he got the Nobel prize.

What happened then? On the request being made to Canada, Canada made an immediate answer but how fast could we get the police force into the Middle East? With all the hundreds of millions of dollars that have been spent, do you know what we had to do in order to be able to send a battalion into the Middle East? We could not move them by air; we could not move them by ship. We had to spend thousands of dollars to dismantle an aircraft carrier and convert it into a troop ship to get this force to the Middle East. This took six weeks; that is right, and you all know it.

This was an example of our efficiency. This was an example of our preparation for an emergency. We had to take the *Magnificent*—I think that was the name of the ship—strip it and convert our only aircraft carrier into a troop ship. It took us six weeks to answer a request of the United Nations to send a force to the Middle East. Then, of course, we had to re-equip the aircraft carrier, that is convert it from a troop carrier to an aircraft carrier and then return it to the country from which we borrowed it.

This is a matter of record. What is our position now, as outlined by the minister? I should like to say to the Minister of National Defence that the greatest contribution Canada

could make would be not to wait until the United Nations has to call upon us as a result of a local war, and then be delayed because we have no air transport, until we have to change an aircraft carrier; our job I feel is to have a force, equipped and mobile, that can answer immediately an appeal by the United Nations. I have no hesitation at all in saying that from the record of Canada and from the statement concerning the condition of our armed forces and their mobility as given by the Minister of National Defence, there should be a transfer of hundreds of millions of dollars, which is proposed to be spent on something that cannot be of any assistance to Canada at all, to something that would make the Canadian military forces completely mobile and completely equipped. They would then be able to answer immediately a call from the United Nations and be in a position to make a contribution to a world police force in order to maintain world peace.

Mr. Pearkes: I should like to have the opportunity of referring the hon. gentleman to page 5392 of *Hansard* from which he will see quite clearly that I made no such statement that we could not move a battalion. I was referring to a brigade, and a brigade is somewhere around 5,500 troops, while a battalion is less than 1,000 troops. It is a question of being able to lift a battalion, with all their equipment at one time.

Mr. Winch: That is what I said, a battalion with all its equipment.

Mr. Pearkes: As soon as the new aircraft are delivered, and that should be this year, we should be able to move without any difficulty a whole battalion with its equipment at one airlift.

Mr. Winch: I am sorry to interrupt but I said that you said until we get that equipment we could not move a battalion with all its equipment. We cannot now move a battalion with all its equipment with our present air force.

Mr. Pearkes: I think it might be of some interest to the hon. gentleman, since he was talking about the Middle East, to give some idea—

Mr. Winch: Am I correct in my statement? I said we could not move a whole battalion with all its equipment.

Mr. Pearkes: Does the hon. member mind if I finish this statement? In order to give him some idea of the amount of transportation which is carried out in that area by transport command I would say that last year transport command flew, outbound from Canada to Egypt, 1,645 passengers and cargo amounting to 469,769 pounds. In addition to that there is continual transport going on of personnel and material between Canada and Langar in the United Kingdom and to our forces in Europe. Most of the personnel from our forces in Europe, who are single men, are transported in the aircraft of transport command. There is a like movement of personnel and material across Canada, to say nothing of the airlift of supplies to NATO and to the Arctic which is carried out by transport command.

All these aircraft could be made available in an emergency in order to move a specified force to any part of the world. We have not got, and I am not pretending to say we have, enough transport in the R.C.A.F. to be able to move a brigade although we could now, if we cancelled other operations, move a battalion. I pointed out, as mentioned in the white paper, how we are increasing transport command because I have recognized the desirability of having additional transport to supplement the Dakotas and North Stars that we have. We are getting these new 106's, which are heavy transports; the new 109 medium transport and the new Albatross SA-16B, and that is going to materially improve our ability for transporting troops.

When an emergency arises you have to take emergency measures. A few years ago when a sudden emergency came upon the government of the day a decision was made to use this ship of the Royal Canadian Navy to transport personnel to the Near East. This was an emergency move. There were not the ordinary transport vessels available at the time and probably the most economical way of loading these troops was to send them via the aircraft carrier because they could put on the decks of the aircraft carrier the vehicles they needed.

Mr. Winch: This is getting somewhat ridiculous and I hope I am not the one to make it worse. We have been listening now for two days to the story of the Minister of National Defence about the potentialities of a new war, about how it will strike without notice, how we are obliged to rely on our D.E.W. line and how it is only a worry of the United States. But if this war is going to come just like that—and I snap my fingers—without notice and nobody knows when it may come, whether tomorrow or ten years from now; and in view of the fact that the minister himself is saying that is the reason he is asking for all these hundreds of millions of dollars, just how much sense does he think he makes in what he has just now said? If it occurs tomorrow, Mr. Chairman, he could

not move one thousand men with their equipment from Ottawa to Vancouver or from Vancouver to Ottawa. Am I right or wrong?

Mr. Pearkes: You are wrong.

Mr. Winch: He could not move one thousand men immediately.

Mr. Pearkes: Mr. Chairman, it is ridiculous for the hon. gentleman to be making statements like that—

Mr. Winch: It is not.

Mr. Pearkes: —which I am obliged to deny all the time because they are completely inaccurate.

Mr. Pearson: Perhaps, Mr. Chairman, I could read exactly what the minister said as reported at page 5392 of *Hansard* of yesterday. He said:

> We should be able to move one battalion, with its equipment, in the very near future.

I presume that means that we cannot move one battalion with its equipment now.

Mr. Winch: That is exactly what I said.

Mr. Pearkes: To any place in the world, although those words are not in there. We can move them from here to Vancouver and we can move them by calling upon aircraft to move those troops. Is it not sensible to encourage commerical aircraft to carry on with their ordinary work? There is no need to have a large number of transport planes tied up when there are commercial planes available in the event of an emergency.

Mr. Winch: The minister does not deny the words he used to the effect that he hoped to be able in the near future to move a battalion. That is exactly what I said.

Mr. Hellyer: According to the figures I have here, no funds at all are allotted for tanks and armoured fighting vehicles. Can the minister give us any indication as to when new armoured equipment might be required for our troops overseas or at home?

Mr. Pearkes: There is no requirement for any new heavy armoured vehicles for overseas at the present time. A brigade group with its armoured components is equipped with Centurion tanks and with the Ferret armoured cars. I do not know of any more suitable weapons than those for the type of work that they are carrying on.

Mr. Winch: Mr. Chairman, I believe a most important point has been raised in view of the quotation from *Hansard* by the Leader of the Opposition and the answer of the Minister of National Defence in which for the first time he said that the plan for moving is tied in with the acquisition of commercial aircraft in order to be able to move troops in an emergency. This is the first time I have heard this phase raised. Will the minister now—and I think it is a matter of the utmost importance—tell us what is the direct arrangement or what is the tie-in between his department, the army, the air force and all commercial airlines whereby in an emergency they can be called in for the transportation of troops and equipment? The minister just made it clear now that he is in the position that he hopes to be able to move a battalion. But now we hope we will do it by the use and co-operation of commercial airlines. What now is the tie-in between the army, the navy and the commercial airlines so that in an emergency they immediately come under the army or the R.C.A.F.?

Mr. Pearkes: The hon. gentleman suggests that for the first time arrangements are being made for commercial transport to move personnel and supplies of the armed forces; but that is not correct. During the Korean war C.P.A. were moving them continually—

Mr. Winch: I mean in an emergency.

Mr. Pearkes: —and also during the construction of the D.E.W. line; and in the supplying each year of the northern stations commercial planes are used. We can make agreements any time with the commercial companies to hire planes or charter them or, if necessary, we could requisition them. As far as the air force transport command is concerned, we have two squadrons of what are known as the Flying Boxcars which take heavy equipment and are able to carry out a great deal of supply work; and there is a tremendous amount of supply work going on for our northern stations.

In addition to that, we have the long range North Star aircraft carrying out every week flights from Canada to Europe in order to supply the personnel that are there. We have those facilities. At any time in the case of an emergency civilian aircraft could be brought in if we did not have enough of our own transport. But in addition to all of that, we are augmenting our transport command this year by the type of aircraft that I have mentioned half a dozen times during this debate. The first of those new aircraft will be available this year, in which case we will be able to move a complete battalion, with all its equipment, without interfering with any of the other services. We could move them today if we were prepared to suspend some of the other operations which we are normally carrying out and we would suspend those operations in an emergency if we had to make every R.C.A.F. plane available.

Mr. Winch: Then I was correct. You cannot yet move a complete battalion on your own without any suspension of other operations.

Mr. Pearkes: I just said that we can move a whole battalion if we suspended other normal operations which consist in the movement of personnel overseas and the replenishing of the brigade which is now in Europe and the air division which is there. Those are normal operations which go on. But we have not—and I do not think we should have —a large number of aircraft standing by just in the eventuality that the United Nations might find themselves suddenly plunged into some situation demanding that Canada send a brigade somewhere in the world. It is a contingency which is not likely to develop overnight.

Mr. Denis: Mr. Chairman, I have a report from the Ottawa *Journal* to the effect that the parliamentary secretary presumptive to the Minister of Finance has criticized the government for granting Major General Plow nine months' leave with pay so that he could qualify for a higher army pension and become lieutenant governor of Nova Scotia. Is the hon. minister aware of this pension being granted to Major General Plow, and has he any comment to make, because after all it is a criticism coming from a member who is pretty close to the government. He was last year and I suppose he will be next year.

Mr. Pearkes: The position of lieutenant governor of Nova Scotia became vacant last year, I think it was, and the gentleman who was selected to become the new lieutenant governor, and I might say it was a very popular selection, was Major General Plow, who was at that time in command of the Atlantic area and who was very well known in Nova Scotia. He was granted permission to retire from the army before he had reached the normal retirement age to assume his important position as lieutenant governor of Nova Scotia.

Mr. Denis: Was this pension granted to the major general according to the rules and regulations and the ordinary pension benefits of the armed services? Second, if this criticism by the former parliamentary assistant to the Minister of Finance means he does not approve of the granting of the pension, are his chances to be again nominated as parliamentary assistant reduced or increased?

Mr. Bell (Carleton): Perhaps the hon. gentleman would like to read the text of the committee report and not the press report.

Mr. Denis: It is worse. If you read it it is worse.

Mr. Pearkes: I understand the Auditor General did make some comments in connection with this point.

Mr. Hellyer: Could the minister give us some information as to the mechanical and armament equipment which is included in the appropriation?

Mr. Pearkes: Is this item 220?

Mr. Hellyer: No, 219.

Mr. Pearkes: This covers mechanically propelled vehicles, mobile engineering equipment, warehouse material, handling equipment and spare parts and accessories for all components of the Canadian army. The estimates for epuipment under this item are based on the anticipated deliveries of various items, such as trucks, buses, station wagons, vehicle kits, mechanically-propelled equipment and requirements for the northwest highway system which the army has to maintain. In most cases expenditures in 1959-60 will be largely in respect to contracts carried forward from previous years.

Mr. Pickersgill: I wonder if I could ask the minister if he would tell us if there is any proposal to do any paving of the northwest highway?

Mr. Pearkes: That will come under the other vote, but I can answer the question now. The first 50 miles are being paved and work will be completed this year. It was started a year ago and runs from Dawson Creek up to Fort St. John. The contract has been let for another 35 miles to be paved this year, and I expect the work will be completed next year. That will cover the heavily travelled part of the highway where there is a fairly heavy population of farmers and people connected with the oil wells in that district. It was considered desirable to pave this highway in order to reduce maintenance costs. In addition to that we have made arrangements with the province of British Columbia that when this highway is paved they will take over the responsibility for maintaining it.

Mr. Pickersgill: The cost of the paving is being borne entirely by the federal government?

Mr. Pearkes: The cost of the paving is being borne by the Department of National Defence, because it was considered essential to do it in order to keep down the ever-increasing cost of maintaining a gravel road.

Mr. Pickersgill: But it will become to all intents and purposes a part of the provincial highway system once this is done?

Mr. Pearkes: The province of British Columbia will take over that portion of the highway which is paved.

Mr. Pickersgill: Does the minister consider this a good bargain from the federal standpoint?

Mr. Pearkes: I certainly do, because the maintenance cost is pretty high on that part of the route.

Mr. Pickersgill: I think the decision was made by the previous government.

Mr. Herridge: Mr. Chairman, on this item I would like to say a few words about the militia. I noticed yesterday when the minister was giving his introductory speech that he mentioned that the reserves and the cadets would cost $53.6 million. I notice in looking at the estimates that as far as the militia is concerned the vote is about $16,600,000. If that is correct, that is just better than 1 per cent of the total expenditure on defence, which I think is very little indeed.

Mr. Pearkes: May I explain that now? That refers to the pay and allowances. Transportation of the militia, maintenance of their buildings and maintenance of their clothing all comes under the general administration of the army. Where it is shown separately as a militia vote it covers pay and allowances only.

Mr. Herridge: I thank the minister for his explanation; I could not reconcile the two figures. I would just like to say that our militia in Canada, in which I have taken considerable interest throughout the years, as many other Canadians have, is our citizen army composed of people willing to give their time and services, people who are carrying on their every day occupations. I know of a good number of people in the district which I have the honour to represent who have given their time and services throughout the years in serving in the militia, I think in many cases without sufficient recognition from those in charge of the regular army, and with very little recognition in many cases on the part of a great many of our people. Personally I consider this a very important part of our defence services.

I would say that the first duty would be home defence. I understand now it will be extended to include a considerable portion of civil defence, and I am sure the reserve army may be used in emergencies and disasters of other types. I think a good many people fail to realize the important part that our militia plays in the defence forces of Canada, and I am just rising to say that I think we should recognize that fact more generally than we do. I know some people who have carried on throughout the years in face of apparently very little official support and a somewhat looking-down-the-nose attitude on the part of regular army senior officials. At least, that is the impression I have had on a number of occasions.

These people do provide a corps of trained and disciplined local people which could be used for the purposes I have mentioned and as such they are an essential part of our defence force. In my opinion, their services should receive greater consideration. I have been impressed throughout the years by the loyalty of these people who have been asked to carry on a most uninteresting form of training program. I know that in my own district for some years we had anti-aircraft batteries. I do not think the guns were even complete; I think the breach blocks are missing. Just imagine asking young men to come two nights a week to study the operations of a gun which they never fire and which was, I am told, incomplete, and to go through this procedure week after week in addition to a certain amount of other minimum training.

I am very pleased to note that in our district this situation has changed. I understand that the regiment there has light artillery, if I am correctly informed, and that the training syllabus has improved. But I suggest that consideration should be given to making the training course more interesting to the local people, both officers and other ranks, who are interested in serving in the militia. In the district I represent the local officers commanding have done something on their own initiative to correct the situation by carrying out some experimental summer manoeuvers; some trips into the mountains, some reconnaissance work, and activities of that sort. I found, after talking to some of the young men who had taken part in these manoeuvers that they appreciated what had been done and showed considerable increased interest. Also, since this change in the type of militia training has taken place there had been an increase in the number of enlistments, and that flows naturally from providing a more interesting training program in which young people can participate.

I do urge that greater support should be given to the militia, and greater recognition of the services which they have performed. I think the syllabus should provide for an increased number of outdoor manoeuvers. In my opinion the local militia should have a thorough knowledge of the geography of the district in which they reside and for some considerable distance around. I believe that some 50 years ago when the Rocky Mountain Rangers were training, the training syllabus was on that basis. They went on marches in the forest, they did some rough and ready

bridge construction, blazed trails through the forest and things of that sort. I suggest that the training syllabus could be made much more interesting by the incorporation of more outdoor manoeuvers enabling people to get to know the geography of the country well, its valleys, mountains, unexplored areas, and so on.

I suggest, also, that there should be more physical training in the program; interesting physical training, not just forming fours in a squad inside an armoury. And I further recommend that a great deal more could be done with respect to map and compass reading, which is a very useful study for any young man and one very necessary to travellers in a country such as ours. I make these few suggestions as a result of a continuing interest in and observation of the activities of the militia units in our district for a number of years. My dad belonged to the Rocky Mountain Rangers.

My final point is this: is the local unit now a successor to the original 54th Kootenay Battalion which was an outgrowth of the Rocky Mountain Rangers? I think it is very worth while to perpetuate the names of the units which have served this country so well overseas. With these few remarks, coming from an amateur and a backwoodsmen and a peasant farmer, I ask the minister, in all sincerity, to be good enough to look into this question about the 54th Kootenay Battalion.

Mr. Pearkes: I should like to extend my thanks, first of all, to the hon. gentleman for his remarks and for his continued interest in the militia. And I should like to extend these thanks beyond the hon. member who has just spoken to the very large number of members in this house who do take a keen interest in their own militia units. I believe in those units maintaining their territorial and local connections and the traditions of the units which have preceded them in each particular area. We are making a practice of passing on the battle honours which have been gained by their predecessors operating perhaps under a different name and perhaps with different equipment but, nevertheless, units drawn from a distinct area with all the proud traditions of people who have served in that area before.

Mr. Hellyer: I, too, should like to pay tribute to the wonderful work which has been done by the militia throughout the years. As you know, Toronto has been the bulwark of many of the most famous and most illustrious regiments of this great land. Just this week we had a ceremony in front of the exhibition grounds in that city in which the 48th Highlanders of Canada trooped the colour resplendant in their scarlet uniforms, putting on a show which was magnificent and outstanding in every respect. I think they deserve the honour of a tribute from all who had the pleasure of witnessing both their parades at home and of being grateful for their services overseas during two world wars. Like other Toronto units, they have distinguished themselves on the field of battle and won for themselves many battle honours.

I think it would be unfortunate if this great reserve stream of potential strength were to be diluted or materially diminished. We have been proud of the fact that during two world wars these units provided the nucleus of officers and men around which our armies grew to the proportions necessary to ensure victory, and although it is true that in the concept of modern nuclear warfare it would be impossible to get them battle-trained and ready, as troops must be, to participate from the outset it is not beyond possibility that they could be used again in an encounter of a limited or local nature. Indeed, the suggestion has been made that the militia in this country could be strengthened and trained to a point where, in the light of the air portability which the minister told us he intended to provide, they could be transported anywhere in the world at very short notice. This prospect would give them incentive and encouragement to carry on and I hope the minister will do everything in his power to encourage a continuation of the wonderful contributions they have made throughout the years.

The Deputy Chairman: Shall this item carry?

Some hon. Members: Five o'clock.

The Deputy Chairman: It being five o'clock, pursuant to standing order 15 I do now leave the chair.

Progress reported.

PRIVATE BILLS

Mr. John B. Hamilton (York West): Mr. Speaker, I am wondering whether we might take private bills and then, I believe, we probably could obtain the consent of the whole house to forgo the rest of the private members' hour and return to the discussion of the estimates.

Mr. Speaker: Shall we dispose of one private bill and then get the will of the house on the other matter?

(Translation):

DESJARDINS MUTUAL LIFE ASSURANCE COMPANY

Mr. Noel Dorion (Bellechasse) moved the second reading of Bill No. S-29 to incorporate the Desjardins Life Insurance Company.

He said: The essential purpose of this bill is to grant a federal charter to a company already registered under the provincial laws of Quebec and to give it the name of L'Assurance-Vie Desjardins or Desjardins Mutual Life Assurance Company. That is the object and the purpose of the legislation before us, as clearly implied in section 10.

Of course, this being a private bill, its second reading would not necessarily mean that the house would approve its principle; it would simply allow us to refer this legislation to the standing committee on banking and commerce where hon. members may obtain from the sponsors and their solicitors any information required to enlighten them and to help them form an opinion on the scope and effect of the bill. This rule, Mr. Speaker, will dispense me with going into all the details and making a long speech.

I would however fail in my duty if I were to leave it at that and not take this opportunity of saying a few words about the eminently beneficial work carried out by this mutual company whose wish it has been to include in its designation the very name of its founder, Mr. Alphonse Desjardins.

Mr. Desjardins who, from 1892 to 1917, was editor of *Debates* at the Quebec Legislature, and then, from 1917 to 1921, parliamentary reporter in this very house, was a pioneer of the co-operative movement in Quebec and in Canada as a whole.

It was following a debate on an act directed against usury that he conceived the idea of taking practical steps to fight the ravages of usury by developing a system of "caisses populaires" (credit unions).

In a most fascinating small pamphlet, which is a sort of tribute to the vision which characterized Desjardins, the hon. Senator Vaillancourt, his successor and one of the sponsors of this bill, writes in detail about the singularly difficult start of that institution which, today, extends its benefits not only to the territory of Quebec, but also to many places in Ontario, New Brunswick, Manitoba, Saskatchewan and New York state.

In brief, what Mr. Desjardins wanted, what he tried to promote and what he obtained by his forceful courage and perseverance, was to develop in his associates a spirit of mutual help by applying the co-operative formula, the only one by which it is possible to fight efficiently against the danger of monopolies and powerful financial interests. He thus succeeded, by the organic bonds of a co-operative institution, in developing popular thrift and to organize it so as to satisfy the people's need for credit. Indeed, the "caisse populaire" (credit union) has been defined as an association of people who save money in a spirit of mutual trust for the purpose of enjoying personal credit at low cost.

To this institution were gradually added various services designed to ensure the security of mutualists and their families, and this led in 1948 to the founding, through a statute of the province of Quebec, of the Desjardins Life Insurance Company, of which the proposed company is to be nothing more than an extension. This new company will enable it to extend protection not only to mutualist members of credit unions in the provinces where the provincial company can legally operate, but also to those of other provinces where a federal charter is required to carry out insurance operations.

Mr. Speaker, this concludes my rather awkward summary of the background, purpose and effect of the bill now before the house. In approving this bill, my hon. colleagues will not only be rendering a service to the community, but will also be working for the good of Canada. There could be no better conclusion to my remarks than this quotation from a speech delivered at Quebec in 1908, by Mr. Desjardins himself, in which he emphasized the educational value of his works:

> You want to help your fellow man? I can only commend you for it. I think in promoting the virtue of thrift, in favouring its expansion, in setting up new institutions to channel the savings and make them profit, and at the same time in fighting improvidence, extravagance, luxury and perhaps intemperance, as well as many other costly habits which absorb a frightful proportion of our daily earnings, indeed in fighting usury, you can be of tremendous help to your fellow beings, and who knows, you may be helping yourselves.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

(Text):

Mr. Speaker: Is it the wish of the house to forgo the remainder of this hour and return to the business which was interrupted at five o'clock?

Some hon. Members: Agreed.

Mr. Speaker: Pursuant to unanimous agreement the house will now assume the business which was interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Canadian army—

219. Operation and maintenance, $357,913,000.

Mr. Pearson: Mr. Chairman, I should like to ask the minister whether in the organization of the army there is any provision made or any expenditures of any kind allocated for a possible expeditionary force?

Mr. Pearkes: No, Mr. Chairman, there is no special allocation of funds for what one might call an expeditionary force in the usual meaning of that term. We do, I think, as the Leader of the Opposition knows, maintain one battalion in a higher state of readiness than others so that it might be able to meet any emergency which might develop.

Mr. Pearson: Yes, Mr. Chairman, I know that. I was wondering whether there was any provision made, and I am not suggesting that there should be; I think it would be a waste of money to provide for a division or a corps organization overseas.

Mr. Pearkes: None at all. We do not picture that as being a likely type of employment of the Canadian armed forces.

Mr. Hellyer: With reference to the militia, I wonder whether the minister can tell us what relation the changes proposed this year have to the Kennedy report, and whether he still maintains the opinion which he held a couple of years ago with respect to the Kennedy report and its implementation?

Mr. Pearkes: Which Kennedy report is the hon. member referring to?

Mr. Pickersgill: General Howard Kennedy.

Mr. Pearkes: The one which dealt with the re-organization of the militia three or four years ago? That has been reviewed and some of the recommendations have been implemented. As to others, changed conditions have altered the requirements which were then advanced in the report.

Mr. Nielsen: May I ask the minister one or two questions concerning the northwest highway system? First, it is my understanding that responsibility for the highway now rests with the Department of National Defence through international agreement with the United States. I am wondering whether, if and when the highway is transferred to British Columbia upon completion of the paving, the transfer will be subject to the terms of the agreement with the United States.

The second question concerns my fear that once the road becomes the property of British Columbia it may be that it will become subject also to any tolls and taxes which may be levied on other provincial roads. This, of course, is very important to those engaged in mining operations in the Yukon, particularly marginal operations, and should such tolls be imposed it may very well mean the difference between a marginal mine coming into production or closing down.

The third question I wish to ask the minister concerns continuing responsibility for the maintenance and operation of the northwest highway system. Is it the intention of the government to leave this responsibility with the Department of National Defence rather than transferring it to any other government department or agency?

The fourth question concerns the installations of the Department of National Defence in the city of Whitehorse. As the minister is fully aware, there is a rapidly growing problem in the city in finding adequate space for enlarging residential and commercial construction. A large part of the city of Whitehorse is, of course, taken up by national defence installations and the sooner the army finds an alternative acceptable to themselves the sooner the city of Whitehorse will have this land available which is very necessary to orderly expansion and proper town planning. Can the minister indicate what the future plans of the department are in this connection?

Mr. Pearkes: In answer to the first question, the international agreement will be maintained. Consideration will be given to the hon. gentleman's remarks regarding tolls and when the agreement is drawn up with the British Columbia government that matter will receive consideration. It is the intention of the government at least for the present to leave the administration of the highway system in the hands of the Department of National Defence. With regard to the installations at Whitehorse, a review is now taking place with respect to a reorganization of the administration and of the buildings which are required in order to meet modern conditions, which have changed so much in the last few years. I hope that it will be possible within the next few months to complete the reorganization of the administration of this system and to firm up plans for the accommodation which is required.

Mr. Nielsen: I thank the minister for his answers to my questions. May I conclude by saying that I would not want to leave the impression that the residents of Whitehorse do not wish to continue to see the army there. We are very grateful for the addition they have made to the economy of Whitehorse. I am sure there is alternative available land close by which would be

eminently suitable. I hope that these alternatives will be considered in the reorganization of the administration of which the minister speaks.

Mr. Winch: On the same question may I say that I honestly believe that the Alaska highway should be part of the British Columbia highway system and I think that eventually it will be. I do not think I need to add this word of warning but nevertheless I should like to do so. If there should be any consideration of turning the Alaska highway over to the British Columbia highway system, and I hope that will eventually come, and if the same government is in power that we have today, then for heaven's sake do not close your eyes because if you do there will be a toll on the highway.

Mr. Pickersgill: Can the minister tell the committee in a very summary fashion what army establishments there are in the province of Newfoundland, where they are situated and what accommodation they have?

Mr. Pearkes: The main army installation in Newfoundland is at St. John's which is the headquarters for the area. For the moment I have forgotten the name of the park in which it is located. I am sure the hon. gentleman can remember. That is the headquarters of the Newfoundland area. The Newfoundland area embraces the whole of the province of Newfoundland and is a subordinate command to the Atlantic command stationed in Halifax.

There are a number of militia units in Newfoundland of which, of course, the Royal Newfoundland Regiment is the historic regiment of the province. It has various companies stationed in the different centres of Newfoundland where they are provided with such accommodation as may be readily available. There are also a few artillery batteries, a field regiment and some engineers in the province. I think that is a general description of the situation.

Mr. Pickersgill: I am interested in a little more than a general description of the accommodation. Can the minister tell me precisely in what places in Newfoundland the army has accommodation and what the general nature of the accommodation is in each of those places?

Mr. Pearkes: I will get that very shortly.

Mr. Nielsen: I rise simply to disagree with the hon. member for Vancouver East when he suggests that the Alaska highway should logically become part of the highway system of British Columbia. We in the Yukon like to think that eventually we will achieve provincial status and we anticipate that at that time we will be fully capable of looking after the road ourselves, although that may be many years in the future. Until that time I feel that the responsibility should remain with the federal government as it is now.

Mr. Winch: I thought you were going to join British Columbia.

Mr. Nielsen: Never.

Mr. Winch: Perhaps we ought to join the Yukon.

Mr. Pearson: A few weeks ago the minister favoured the external affairs committee of the other place with his views on some aspects of defence policy. He must have been affected by the serenity that prevails there because I thought that his views were extraordinarily optimistic. I would ask him to comment for our benefit on this statement, found in the *Globe and Mail* of May 29:

> —NATO members have a moral responsibility to live up to their commitments unless they are freed by the other members.

We have accepted certain military commitments, certain army commitments as well as air force commitments, to NATO. I wonder whether the minister means by that statement that the only way, in his view, in which we could alter this commitment would be by a decision of the NATO council, because while I am not disputing the validity of that view—if a collective security system is going to work, it has to be collective enough that decisions cannot be normally permitted if they interfere with the collective action which is required—certainly all other members of NATO have not displayed that high standard of collective responsibility and respect for national commitments which the minister suggests in this report should be shown by Canada. I wonder if he would like to comment upon it because it is an important matter in case we wish to modify our commitments under NATO in the future so that we could take on other commitments in the collective interest besides NATO, perhaps on this continent?

Mr. Pearkes: As the Leader of the Opposition well knows, the discussions at the various meetings of the NATO council are carried out in camera and the press is not present. The council of the group of ministers issues a press release at the conclusion of these meetings. I think the best answer I can give him is to quote from the release which was made in April of this year. I am only quoting part of it:

> The ministers—

Here, that refers to the ministers of defence of the NATO countries.

—heard full and valuable reports by the military committee, the standing group and the supreme allied commanders on the present state of the forces of the alliance, on the progressive introduction of the most modern weapons and equipment and on the forces needed for NATO defence in the years ahead. They also heard progress reports on projects initiated by the heads of government in December. On the basis of those reports, a most useful discussion took place between the ministers and the NATO military authorities.

Then, they went on to say that they confirmed their support of the basic NATO strategy for the preservation of peace and for the defence of member countries. This defensive strategy continues to be founded on the concept of a strong deterrent comprising the shield, with its conventional and nuclear elements, and the nuclear retaliatory forces. In other words, the requirements that the military commanders felt were necessary were explained to the ministers of defence, and these general proposals were confirmed by the meeting of the heads of government previously. Now, having these general proposals and general requirements confirmed by the heads of government, it seems to me it would not be quite honourable for a country to alter those agreed requirements without informing the other members of the alliance.

This is what I meant in the remarks that I made to the committee of the other place. I had no script, and I cannot remember exactly the words that I used. I did not quote, as I have quoted here, but I thought there might be a question on this subject so I had this final press release brought down this afternoon.

Mr. Pearson: I am glad to have the minister's explanation of this particular report which goes considerably further than he has gone today in his considered statement of the nature of our obligations as a NATO member in respect of the commitment we have accepted. The statement in the press which I have just read says that there must be agreement before a national commitment can be altered. The minister has now said that it would not be honourable, and I agree with him, to alter a commitment of this kind without informing the other members of the council, presumably so that there could be a discussion. As a matter of fact, this is how it has been done in the case of the United Kingdom when they wished to alter the commitment which they had accepted. There was a discussion in the appropriate NATO organ, but that is not the procedure that has always been adopted in all cases in NATO.

However, the minister is also reported as having said in this meeting in the other place that any Russian attack in Europe could be forced to pause by the NATO shield forces which would use tactical nuclear weapons. I should like to ask him this question, whether he feels that our brigade group equipment in Europe is of a type now which would permit us to play our part in that operation, if it ever had to be undertaken? I am thinking particularly of the Lacrosse surface-to-surface missile of which the minister has spoken and which he says is shortly to be made available to the brigade. Has there been any progress in actually making that missile, which I believe can be used conventionally or in a nuclear way, available to the troops, and is there any other equipment which is required by the brigade to carry out this undertaking which is not now available to the brigade?

Mr. Pearkes: There is money provided in the estimates for the initial procurement of this Lacrosse weapon. It is still undergoing tests, and it is expected that these will have been completed by this September. Our position in connection with the requirements of this Lacrosse is unchanged. We believe it will materially strengthen the powers of resistance of the brigade which is now in Europe.

As other more advanced equipment becomes available I hope we shall take advantage of that and we intend to keep that brigade fully equipped and operational. I have referred already this afternoon to the tests which are being carried out in connection with the personnel carrier, which would be armoured, and I hope that those prove successful.

Mr. Pearson: When the minister says that any Russian attack in Europe could be forced to pause by the NATO shield forces, which would use tactical nuclear weapons, he is referring, I take it, to such weapons in the hands, not of the Canadian brigade at the present time but other components of the shield forces, particularly the United States?

Mr. Pearkes: That is correct; we have no nuclear weapons at the present time.

Mr. Hellyer: Is there any additional equipment which the minister feels the brigade group should have within the next one, two or three years in order to make it more effective in its NATO shield role?

Mr. Pearkes: The brigade is well equipped. If there is any new equipment developed, I hope we will be in a position to acquire it and to place it at the disposal of the brigade. I cannot think at the moment of any equipment which is readily available today which the brigade needs in order to carry out its role, and which it has not got at the present time.

Mr. Pearson: Can the minister tell the committee whether there are non-Canadian personnel on the strength of the brigade group

in Germany? If so, roughly what proportion of the total strength would be represented by them?

Mr. Pearkes: As to being on the strength of the brigade group, may I say that there are some liaison officers attached to the brigade group. They are very few in number. Would the Leader of the Opposition be referring to civilian personnel who are employed? There are a number of German civilians employed and there might be a few men who have enlisted into the Canadian forces and who have not Canadian citizenship. No doubt he will remember that some Dutch bandsmen were engaged on certain special terms a few years ago. There might be some of those.

Mr. Pearson: Yes, Mr. Chairman, that is what I was thinking of. I read a report the other day which surprised me because it showed that a relatively high percentage of the United States NATO forces in Germany were non-Americans, were Germans. I wondered whether there were many German civilians on duty working with the brigade group and how many Germans had been enlisted into the Canadian brigade group who are not now Canadian citizens.

Mr. Pearkes: I do not think we are enlisting any men of German nationality into the brigade in Germany, nor do we send over with the brigade any Germans who have not become Canadian citizens. I do not think there are very many, if any, who are non-Canadian citizens other than those who have been specially enlisted as bandsmen.

Mr. Pickersgill: Is it not true that there are a considerable number of immigrants—I do not know how large the number is—who have enlisted in the Canadian army here in Canada, who have not yet become Canadian citizens and who have been dispatched overseas in the ordinary course of their service? As the minister will probably recall, when he was in the opposition and I was still a member of the government I sponsored certain amendments to the Citizenship Act to make special provision for cases of persons of that sort counting their service overseas as a residence in Canada for the purpose of getting citizenship. While most of those amendments related to the wives of servicemen acquired while they were over there, there was also provision for what I am told were not actually isolated cases but a certain number of cases of immigrants to Canada who had enlisted in the forces and who had in fact gone overseas.

Mr. Pearkes: Those are the type to which I have been referring. They consist mainly of a few bandsmen who have been enlisted. There are some immigrants to Canada who have enlisted here in the services and have perhaps returned to Europe with their units but they would not include—and care has been exercised that they do not include—any immigrants or any enlisted men of German nationality.

Mr. Pickersgill: But there might well be persons of other European nationality?

Mr. Pearkes: Yes; of course there are very few.

Mr. Pickersgill: And perhaps there are British subjects who are not Canadian citizens.

The Deputy Chairman: Shall vote 219 carry?

Mr. Pickersgill: Has the minister as yet obtained the information he was going to give me? I have one or two questions I wish to base on it.

Mr. Pearkes: About what?

Mr. Pickersgill: About the accommodations in Newfoundland.

Mr. Pearkes: That information has not come over from national defence headquarters as yet. We shall have to check on the matter. I shall be pleased to give it to my hon. friend.

Mr. Pickersgill: Perhaps I could ask one or two questions now. It might perhaps facilitate matters.

Mr. Pearkes: Yes.

Mr. Pickersgill: The minister will recall that when we were still in office property was acquired in Newfoundland in St. John's on which an armoury was to be built. Has any further progress been made in respect of this armoury? As the minister will realize, ten years and more have now elapsed since Newfoundland became a province of Canada. There has never been an armoury in what is now one of the larger cities of Canada. I cannot imagine that there is any other provincial capital that does not have an armoury. It seems to me that this is something that might reasonably be done even though perhaps, by a strict counting of heads, a stronger case might conceivably be made for some other place.

I know I discussed this matter with the minister's predecessor shortly before he ceased to occupy the position now occupied by the minister and I, not for the first time, pressed this argument fairly strongly upon him. He acquired the land and he gave me every reason to hope that if the public had favoured us a little bit more in 1957 the armoury would have been started by this time. I hope the minister—whose party were

quite successful in the city of St. John's as he will recall—has been receiving similar representations from his colleague in the cabinet from Newfoundland, and that his colleague will be successful in giving quarters to the Newfoundland regiment which I am sure the minister thinks they have every right to have.

Then it has been drawn to my attention that facilities ought to be provided by the department in Gander for the militia. Gander is not precisely in my constituency. It is five miles away. It is in the constituency of my friend the hon. member for Grand Falls-White Bay-Labrador who intended to make this appeal himself. However, he understood that we were not going to be on the estimates between five o'clock and six o'clock and he is carrying out another engagement at the moment. In making this appeal with respect to Gander I am speaking on his behalf even more than on my own, although in my constituency there are people who would be interested in having these facilities provided in Gander.

As the minister knows, Gander is a growing community. It is a community in which, by the nature of its population, it seems to me it would be a great encouragement if something of this sort could be provided. I observe that my friend the hon. member for Burin-Burgeo has just taken his seat in the chamber. I am sure he would say something in support of this appeal because I know he has some knowledge of the need for good accommodation for the militia in Newfoundland, both at St. John's and at Gander.

Mr. Pearkes: I have visited both the units referred to in St. John's and in Gander. I regret to say that in the estimates this year there is no item for an armoury at either place. At St. John's they train in the area in a drill hall there and have other accommodation provided which, while it may not be considered ideal, is adequate for the moment. In Gander they are occupying temporary quarters provided, I think, by the Department of Transport.

Mr. Carter: May I ask the minister this question? Has land not already been acquired in St. John's for an armoury?

Mr. Pearkes: I believe land has been acquired in St. John's but in this year's estimates there is no provision for the construction of the building.

Mr. Pickersgill: I should like to say just a word on that matter. The minister will, of course, have been in the house from time to time when we have had discussions about the state of employment and he will undoubtedly be aware of the rather markedly heavier incidence of unemployment in the Atlantic provinces—particularly in the province of Newfoundland—than in other parts of the country. I was hoping that perhaps the minister might get a certain amount of sympathy from some of his colleagues if he took this aspect of things into account as well as the purely military aspect in relation particularly to the situation in St. John's and Gander.

Mr. Carter: Mr. Chairman, I would like to add my words of support to what my colleague from Bonavista-Twillingate has said respecting the need for an armoury at St. John's. We have the Newfoundland regiment, which is a very proud regiment with a very old tradition, and it does not have proper accommodation for its requirements. Newfoundland is the only province in Canada, I believe, which has not been provided with an armoury and proper facilities.

With respect to the employment picture, I have just looked at one of our latest papers in the reading room and there was an article to the effect that we still have 40,000 people out of work. Approximately 10 per cent of our population is still out of work, and here we are well advanced into 1959. That points to the need for a works program particularly during the winter months, and I do hope the minister will be able to persuade his colleagues that this would be a very worthy project to undertake this winter.

Mr. Pickersgill: Mr. Chairman, there was one other question I forgot to put with regard to Newfoundland. Could the minister say whether there are any army establishments in any part of Labrador?

Mr. Pearkes: I do not think there are any army establishments owned by the Department of National Defence there, but there may be some rented buildings.

Mr. Pickersgill: The R.C.A.F. is the only part of the forces at Goose Bay?

Mr. Pearkes: That is correct.

Mr. Hellyer: Would the minister tell us if the Toronto University avenue armouries, the long time and proud home of the great Toronto regiments and units, has been disposed of?

Mr. Pearkes: Arrangements have been made with the city of Toronto for those armouries to be vacated by December, 1960. Other armouries will be constructed to accommodate the units, the idea being to move those units from the central part of Toronto and to disperse them into the suburbs and residential areas of Toronto so that they will be available for recruiting purposes, training purposes and also more likely to be out of

a target area and therefore more conveniently situated in the event of its being necessary for those units to carry out survival operations.

Mr. Hellyer: Can the minister tell us what the terms of the sale were?

Mr. Pearkes: I think the price was $2 million.

Mr. Hellyer: I wonder if the minister could say if just one new armoury will be constructed, or does he plan to build more than one?

Mr. Pearkes: It is intended to have more than one medium sized armoury.

Mr. McGee: I wonder if the minister could tell the committee if any final decision has been reached as to the location of the proposed armoury in the Scarborough area?

Mr. Pearkes: A property for the armoury in North York has been expropriated and an option has been obtained for another site in Toronto. Efforts are being made to find a suitable site in Scarborough.

Mr. Hellyer: I understand from what the minister said that the sale of the University avenue armoury was an outright sale and did not include, as was the proposal of the previous government, the transfer to the Department of National Defence by the metropolitan corporation of the sites necessary for the new armouries?

Mr. Pearkes: The agreement, as far as I can remember, was an outright sale and the city of Toronto has been co-operating in every way to help us acquire the other sites.

Mr. Hellyer: Are these proposed new armouries the standard variety, or are they larger than the standard variety?

Mr. Pearkes: There are several standard sizes of armouries. These will be armouries to accommodate two major units, and there is a standard armoury for that type of requirement.

Mr. Hellyer: How many units are there in Toronto altogether?

Mr. Pearkes: I could not tell you how many units there are in Toronto altogether because there are quite a number of comparatively small units of a technical nature.

Mr. Hellyer: Is it the intention that a number of units will use the same armouries? That is to say, more than two?

Mr. Pearkes: The idea is that two major units will utilize the new armouries. Each new armoury, that is. It may be necessary to have some small unit attached to one of the major units.

[Mr. Pearkes.]

Mr. Hellyer: I think the minister realizes that there are considerably more units in Toronto than would be accommodated by this proposal. Is it the intention that the messes will be joint messes for all units using the particular armoury, or will the units have their own messes as they do at present?

Mr. Pearkes: I think the standard plans provide for one general mess room which can be used by any unit using the armoury, with anterooms for each particular unit.

Mr. Hellyer: I wonder if the minister could tell us how the army installations at Gagetown are coming along, whether they are complete yet, or what units remain to be built there?

Mr. Pearkes: I think the installations for the units are very nearly complete. There is still work to be done on the married quarters. There is not a full accommodation for the married personnel.

Mr. Hellyer: Can the minister say what is the position with regard to the rest of the townsite? What units are installed there and what remains to be done?

Mr. Pearkes: There are no units in the actual townsite. That is purely for dependants and civilian personnel. There are no units outside of the camp area.

Mr. Hellyer: I wonder if the minister could tell us whether an armouries has been provided for at Kitchener?

Mr. Pearkes: No there is no provision for an armoury in Kitchener in these estimates. I am afraid we have got comparatively little money available for the construction of new armouries anywhere in Canada. We have to work from a strict priority list.

Mr. Hellyer: Can the minister tell us what new units, including those for married personnel, have been built at Petawawa in the last year, and what are contemplated in the forthcoming year?

Mr. Pearkes: I think the only new unit which has been stationed in Petawawa was a new armoured unit which is known as the Fort Garry Horse.

Mr. Hellyer: That is not quite what I meant, Mr. Chairman. In addition to the Fort Garry Horse, what other units are stationed there, and perhaps the minister could answer the other question in regard to building construction?

Mr. Pearkes: I think if the hon. gentleman refers again to the white paper he will find the major units which are stationed at Petawawa camp. I have not a copy of the white paper here but I am quite certain it is included there.

Mr. Pearkes: All that information is given on page 35 of the white paper.

Item agreed to.

220. Construction or acquisition of buildings, works, land and major equipment, $90,940,000.

Mr. Pickersgill: On this vote I should like to ask the minister what construction, if any, the army is carrying on in the province of Newfoundland, or proposes to carry on in the present fiscal year.

Mr. Pearkes: I am advised that there is no major armoury construction planned this year for Newfoundland.

Mr. Pickersgill: Is there any minor construction planned this year?

Mr. Pearkes: There is some minor repair and maintenance work in order to keep the existing buildings in a state of repair.

Mr. Pickersgill: I take it the minister does not yet have in his possession the list of buildings for which I asked on the previous item.

Mr. Pearkes: It has not yet come over.

Mr. Herridge: As the minister knows, there is a modern and very satisfactory armoury at Trail and an old one at Nelson which, with certain additions could, in my opinion and that of others, be made very suitable for further use. I do, however, wish to bring to the attention of the minister something which has become a standing joke in the city of Nelson. I think that in the last ten years some 15 engineer officers or architects of the department have visited Nelson, in each case spending two or three days in the hotel, supposed to be investigating the possibility of extending the armoury, or renovating it or improving it. But I think that in all that time about $5,000 has been spent on putting in a new roof. I am bringing this to the attention of the minister because I hope he will look into this matter which has become the subject of caustic comment by local people with regard to the efficiency of the Department of National Defence. These officers and architects spend two or three days in a hotel there periodically; but nothing ever seems to happen as a result of their visits.

Several prominent citizens in the city with whom I have spoken have brought up this question, and I promised to direct it to the attention of the minister because we think this state of affairs should be stopped. I am given to understand that at very little expenditure an addition to the south side of the present armoury could be made, with the result that the building would be suitable and usable for a number of years to come. I might add that this unit has carried on in the face of great difficulties in previous years and—I am speaking carefully—in the face of even less recognition than is usual. This is presenting a problem to the local officer commanding and to the other officers and men and I should like the minister to look into this question to see what can be done to improve and extend the building there. I imagine that a modest expenditure would be enough to provide satisfactory quarters for the men who have been carrying on throughout the years.

Mr. Pearkes: I shall be very pleased to look into that matter.

Now with regard to the acquisition of a rifle range in Newfoundland there is a figure here of $1,500.

Mr. Pickersgill: I wonder if the minister could tell the committee what the total expenditure in the Atlantic provinces will be or what it is expected to be this year and what the comparable figure was for last year.

Mr. Pearkes: I have not that information readily available. I will get it, and let the hon. member know.

Mr. Hellyer: The increase in this vote, from $45,745,000 last year to $90,940,000 this year is a very sizeable one, almost 100 per cent, so I think the minister might be good enough to give us a list of all the major projects and what their purpose is in each case.

Mr. Pearkes: In Calgary, the expenditure is $3,271,000; in Edmonton, $1,895,000 and at Wainwright, $422,000. Those are the expenditures in Alberta. In British Columbia, at Chilliwack, there is an expenditure of $1,886,000; in Vancouver, $90,000; in Victoria, $290,000. In Manitoba there is an expenditure at Shilo, which is a military training command, of $1,611,000; and at Winnipeg, $110,000. At camp Gagetown the expenditure amounted to $2,970,000. Expenditure in Nova Scotia is $361,000; in Barriefield, Ontario, $2,630,000; at camp Borden, $4,320,000; at Cobourg, the ordnance depot, $965,000.

Other places in which there is considerable expenditure include Kingston with $2,421,000 in connection with the Barriefield camp, a tri-service hospital and extensions to the Royal Military College; in Ottawa, $2,200,000 mainly for the new tri-service hospital here, and Petawawa, $8,350,000, which covers new quarters for dependants. In Montreal there is a small expenditure of $160,000; at Val Cartier, $3,353,000, and in Saskatoon, $300,000.

These are main items. Outside of these there is the northwest highway system, with a total amount of $1,465,000, the reasons for which I referred to earlier.

At six o'clock the committee took recess.

AFTER RECESS

The committee met at 8 p.m.

Mr. Hellyer: Mr. Chairman, I think we should have a little information in regard to these expenditures for construction. There is a large amount of $3 million at Calgary. What is it for?

Mr. Pearkes: With reference to these votes, I might just add that the increase is very largely due to the fact that the special account from which $49,871,000 was provided in the 1958-59 estimates was, as the hon. gentleman knows, liquidated last year and therefore any amount spent on army equipment is included there.

With regard to the questions asked concerning the armouries in Newfoundland, there are army-owned armouries at Corner Brook, which is a militia armoury on a parcel of land of 1.36 acres. At Grand Falls there is another militia armoury on 1.2 acres of leased land and at St. John's the department owns 10½ acres of land which is being purchased for a possible site for an armoury. At Buckmaster's field the accommodation used by the militia and by the regular army is in a portion of the camp and the whole camp is naval property. At St. John's there are three buildings owned by the Department of Justice and now lent to the Department of National Defence for TMQ's and a manning depot at Kenna's hill; also, in St. John's at 431 Water street there is a Department of Public Works building which is used as a recruiting office. The army leases at St. John's Memorial University lecture rooms for the officers' training corps there and on Bell island St. Kevin's hall, which provides accommodation for the militia. The total amount of money which is being spent under these items in the Atlantic provinces, which is what the hon. member asker for, is $3,345,000.

Mr. Pickersgill: That is, in the current estimates?

Mr. Pearkes: That is in the current estimates.

Mr. Pickersgill: I asked the minister what the comparable figure was for last year?

Mr. Pearkes: The comparable figure for last year was $8 million.

[Mr. Pearkes.]

Mr. Pickersgill: I asked the minister about Gander? In that list I did not notice that there was any accommodation of any kind at Gander.

Mr. Pearkes: I understand that accommodation is being used for their training there which belongs either to the Department of Transport or to the old R.C.A.F. station there.

With regard to Calgary, the items there are, at Sarcee camp, development of a tank hangar, REME workshops; these were made necessary in order to provide accommodation for the armoured unit at Sarcee camp where the new barracks was started some years ago and is now nearing completion. Paving there is standard, drill hall, combined officers' mess and quarters for the miniature range and some 200 married quarters. These are the main items as far as Calgary is concerned, with the exception of a sergeants' mess and lecture training building at Currie.

Mr. Hellyer: Can the minister give us the same information with reference to camp Borden and camp Petawawa.

Mr. Pearkes: At camp Borden there is a 40-vehicle garage, command medical equipment depot, 26-vehicle garage for the royal Canadian army medical school. There is a 500-man mess building for the army service corps school. There are officers' quarters for the R.C.A.M.C. school and officers' quarters for the R.C.A.S. school which is there. Another big item is junior ranks club and their lecture and training building and the sergeants' mess for the school of infantry.

Mr. Hellyer: This is all in camp Borden?

Mr. Pearkes: Those are the main items. In addition there is a 160 married quarters. Those are for camp Borden. Do you want Petawawa as well?

Mr. Hellyer: Yes.

Mr. Pearkes: At Petawawa there is development of roads and sewers; central medical and dental equipment depot. This is an important building in which the storage of general supplies in the event of emergency are retained. A lot of that is civil defence equipment. There is a small garage. Those are the main ones which are included in this year's items. There are some more. A big one is a sewerage treatment plant, which is necessary there, running into $1,300,000. That is all provided for in these estimates.

Mr. Granger: I would like to express the hope to the minister that at Gander he would find it possible to include in his estimates a sum to cover the construction of an armoury, or a drill hall, which is badly needed there, and which would serve a useful purpose I am sure.

Mr. Pearkes: I will take that under advisement and look into it personally and see what can be done.

Mr. Pickersgill: Just one further question; I have looked at the figure. The figure covers the acquisition of major equipment as well as buildings, works and lands. The total figure is nearly $91 million. I think the minister gave a figure for the four Atlantic provinces of something under $3 million. The minister will recall that at the time of the 1957 election the candidates supporting the present government made great representations in the Atlantic provinces about how large a diversion of expenditures they were going to make to the Atlantic provinces, and I wondered if I heard aright that of the $90 million only $3 million is being spent in the Atlantic provinces.

Mr. Pearkes: Yes, but there is a considerable amount being spent for the other services, the navy and the air force. I am afraid that this time the army in the Atlantic provinces is not getting as much as it did last year but I think you will find that on balance the Atlantic provinces are getting a very fair share of the construction.

Mr. Pickersgill: Perhaps the minister can tell us, since I was not bright enough to think of the question, how much the navy is spending in Newfoundland.

Mr. Pearkes: I am afraid that the books have been taken away but I will look that up and let the hon. member know privately.

Mr. Pickersgill: That will be quite satisfactory.

Mr. McFarlane: Mr. Chairman, I see that we are spending approximately $90 million for construction throughout the Dominion of Canada. I should like to make a plea this evening for the construction of armouries especially in our smaller centres. Two years ago we were advised that the construction of an armoury at Kimberley, British Columbia, had been approved in principle early in 1956. In spite of the publicity given at that time, funds were never made available nor has a vote been approved by treasury board. To all intents and purposes this item was dropped. No allocation of money was made by the previous government either in 1956 or in the April budget of 1957.

We are spending many millions in the larger centres of Canada and forgetting that the backbone of the country lies in our smaller centres. We had with us at this morning's session representation from the navy, and a good many of these boys come from the smaller centres of Canada. I think we should do something to encourage both the army and the navy boys in their work. Savings in travelling expenses alone could be diverted to writing off the cost of construction of armouries in the various smaller centres of Canada.

Therefore I should like to ask the minister again to give some consideration to the construction of an armoury in Kimberley. We have in the unit there a very active group of men. At the present time they have inadequate hall space which is rented periodically to carry out a program of training. I should like to read an extract from a letter to indicate what they are up against in this area. It reads as follows:

> As for us in Kimberley, we continue to struggle along trying to run a unit of approximately 100 men in the rented lower half of the Oddfellows hall. We continue to hire half of a civilian garage to house our vehicles, and rent rooms in the adjoining public school for training space on parade nights. The total bill to the public for all this is, I know, much more than would be the case in a more efficient plant. We do our best but the training suffers and the administrative headaches are too numerous to mention.

Administration alone has become really a problem in itself. At the present time this unit has very little in the way of facilities and equipment to carry on its work. It has been suggested that the unit should travel a distance of 40 miles in order to carry out a parade two nights a week. I think that during the cold winter months a good many men are going to forego parade if they have to travel that distance, especially over icy roads.

We depend on the trained units of our country to take over in time of need. I think we should encourage these smaller units to continue and in my opinion the only way we can do so is by building armouries in our smaller centres. Of the $90 million expenditure this year I think, speaking specifically of the cost with respect to Kimberley, that we would require approximately $200,000 to $250,000, which is a very small percentage of the entire vote. I also think that we should decentralize our forces. At the present time the bulk of our spending is being done in the larger centres of Canada, and I think it is very essential to support these units in the smaller urban and rural areas.

I would respectfully request the minister to reconsider the present policy and to support the active units with adequate facilities, particularly in the interior of British Columbia where they are badly needed.

Mr. Pearkes: I thank the hon. member for bringing the needs of Kimberley to my attention. At lot of armouries are required across the country and we have to put them on a strict priority basis having in mind our other requirements. I would call his attention to

the fact that there is not $90 million allocated for this purpose. The amount for the construction of buildings and works is only $49,950,000. The balance is for the purchase of various equipment.

Mr. Richard (Ottawa East): I should like to ask the minister what is the thinking of himself and his advisers at the present time in connection with the armouries and defence headquarters in Ottawa? There are so many stories from time to time in the newspapers as to the location of the defence headquarters that I should think that by this time the minister, who is very aggressive, would have something to say. He might indicate to me whether land has been purchased, if it has been decided where the headquarters will be and also whether it is planned to provide Ottawa with a suitable armoury. I am sure that the new members of the house have seen the location of our armouries on Cartier square and realize that they are hardly suitable for the capital and must be moved somewhere else in the near future. I would invite the minister to bring us up to date on this subject.

Mr. Pearkes: With respect to a new building for national defence headquarters, there is no money provided for that purpose in these estimates.

Mr. Richard (Ottawa East): Or for land?

Mr. Pearkes: We will continue to make use of the present building. As far as an armoury is concerned, there are a number of rented buildings as well as the main armoury on Cartier square, and I have to inform the hon. member that there are other places even more badly off than Ottawa for want of armouries.

Mr. Richard (Ottawa East): Would the minister inform me if any land has been purchased for the headquarters yet?

Mr. Pearkes: No, no land has been purchased for headquarters.

Mr. Henderson: I should like to draw the minister's attention to the fact that we need an armoury badly at Dawson Creek. I have mentioned this before. The boys drill down in the cellar of an old school. We have a very good corps there. I have brought this matter to the minister's attention before and I bring it to his attention again tonight and ask him to give it some consideration.

Mr. Pearkes: In order to cut the debate short on this particular subject, may I thank practically every member in the house for having at some time or another during this session brought the needs of his militia unit in respect of new armouries to my attention.

Item agreed to.

[Mr. Pearkes.]

Inspection services—

216. Construction or acquisition of buildings, works, land and equipment, $563,400.

Mr. Pearkes: The hon. member for St. Denis asked for information regarding certain land at Nicolet. I am informed that the commune at Nicolet consisted of 3,497 arpents and was purchased by the Department of Transport for $400,000 under authority of treasury board dated July 28, 1958. The value of the land was determined by specialists employed by the Department of Transport, and the negotiations were carried out by that department. There are no funds allocated in these estimates for the purchase of that land as the deal was concluded and funds provided in last year's estimates.

Mr. Denis: Can the minister inform me as to the amount of the municipal assessment on this land?

Mr. Pearkes: I am afraid I would not have that because, as I said earlier, the Department of Transport acts as agent in purchasing all land. I hate to have to say it, but I am afraid the hon. member will have to ask the Minister of Transport that question. I suggest that he put the question in the order paper, and then he will be able to get an answer.

Mr. Denis: There is something unusual in that answer given by the minister because the estimates of the Department of Transport have been passed. This expenditure belongs to the Department of National Defence, to which minister we are talking. It becomes almost impossible for us to get the information we require. It is a very important question and involves a large amount of money, nearly half a million dollars. We should like to know how it is that an additional appraisal was made by this government when the previous government had already appraised the land and had made an offer which was far less than the amount paid by this government.

I am not saying this new government was extravagant. I know we have been accused in the past of being extravagant, but there is a big margin of difference between what the previous government offered for this land and what this government paid for it. We should like to know why it was necessary to have this land appraised again. I should like to know how much was paid for this new appraisal. I should like to know if the new appraisal was made by an independent person, as happened a little while ago. We should like to know how much the government paid for this appraisal because if the owners were not

satisfied with the offer made by the previous government they could, as is the usual practice, go to the exchequer court.

As a matter of fact, I have in my hand a report of an investigation made by a corporation which, I suggest, was hired by the department in connection with other pieces of land in Nicolet-Yamaska, and the owner, not being satisfied with the appraisal, went to the exchequer court. This is the usual way in which to appeal from a decision of the government. I am making this observation about this item because a few weeks ago in this house we had a minister of the crown who was very pleased to inform the country that an expropriation proceeding which had lasted for years had been settled quickly by the present government. However, this matter was settled quickly by the present government by means of a large increase in the amount the taxpayers had to pay.

The Minister of National Defence is telling me that all the information I require can be obtained from the Minister of Transport whose estimates have been passed. What other means is left to the opposition for getting this information? I am not suggesting that there is anything wrong in the price paid, but I should like to know when it was paid. It might have been paid in January or February, but I want to know because the Minister of Mines and Technical Surveys said that it was only by accident that he was there and was photographed holding the cheque. It appeared as though he was paying the money from his own pocket. If the money was sent out nearly a month before, I would come to the conclusion that this accident was purely accidental! I wonder how this accident happened 10 days or 15 days later, if this amount of money was in Nicolet-Yamaska before.

As the minister knows, this expropriation matter concerns 265 owners. I know personally that during the last electoral campaign the Conservatives told these owners they would get much more for them; they would be as generous as could be, as they usually say, if they were returned to power. We might look at the results from two polls in this area. In poll No. 43 the minister received 85 votes, while our candidate got only 12. In poll No. 44 the minister received 181 votes, while our candidate had only 23. No wonder the present government was so generous after the election. At least there is one commitment made which was kept by the present government, but it was a commitment which resulted, in my humble opinion, in the taxpayers being detrimentally affected.

Of course, I can talk as long as I like because the minister has told me he does not know anything about it. I should like some minister in this house to give me this information because the matter is very important to this committee. I should like to know what the amount of the municipal assessment was because, according to the report of a case in the exchequer court, the municipal assessment represents about one-third of the real value of the property.

The Deputy Chairman: Order; I think perhaps the hon. member is discussing a matter that was in last year's estimates, if I am following him correctly. If that is the case, I think it would be a matter for the public accounts committee.

Mr. Pickersgill: On the point of order you have raised, Mr. Chairman, I may say I was going to raise a point of order when my hon. friend finished because we are discussing the estimates of the Minister of National Defence and surely it is a very unusual doctrine to be told the minister cannot explain things; that we have to go to some other minister who merely acted as his agent in spending the money for which this minister is the trustee and is responsible to this committee. I suggest it is the duty of the minister to give us this information and not tell the hon. member he has to go to some other minister for it, in whose estimates the item does not appear.

In so far as the question of whether or not this was in last year's estimates, I have never heard it suggested before that we could not compare the expenditures of one year with those of another. Indeed, they are put in the blue book in that way, one year compared with another. If I recall what the hon. member for St. Denis said, this famous presentation of the cheque, this accidental presentation of the cheque by the Minister of Mines and Technical Surveys took place in the month of April, so it would appear that, unless the cheque was held back for a while, this payment was made in this fiscal year. Therefore even on the narrow ground which Your Honour has raised I submit that my hon. friend is in order.

The Deputy Chairman: Order. I am sure that we ought to be able to allow the hon. member to make a comparison with other estimates; that is quite true; but we cannot debate other estimates. Otherwise we could go back and debate estimates that have been before the house since goodness knows when. That is why I was asking the hon. member to make a comparison but not to debate the item that was in the estimates the previous year.

Mr. Meunier: Who was the appraiser in connection with this expropriation?

Mr. Pearkes: I have not that information. My department does not carry out the task of appraisal. When land is required for the Department of National Defence that is done through the Department of Transport. I am afraid I have not that information here. We shall have to go to the Department of Transport to get those details.

Mr. Pearson: How can we ask the Minister of Transport to account for money which was spent on behalf of the Department of National Defence whose estimates we are now considering?

Mr. Pearkes: As I have said, the Department of Transport are the agents. They would know how much money was paid to the appraisers. I would not know how much money they paid to the appraisers. I would not know the names of the appraisers.

Mr. Denis: I suppose there is no misunderstanding between the Minister of National Defence and the Minister of Transport. But we should like to know whether this last appraisal made by the present government was binding on the parties—and by that I mean the government and the owners—and whether it was supposed to be accepted in advance by the two parties. I know that last week or two weeks ago something of the kind happened. Of course there was some misunderstanding. We should like to know whether here again we are confronted by some other misunderstandings between members of parliament and ministers of the crown. I wonder whether it would not be to the advantage and in the interests of this committee and of the country to have the Minister of Transport come here and give us some information as to the municipal assessment, why another appraisal has been made, what was the price paid and what was the amount offered by the previous government. I think this information would be extremely welcome and that it would be to the advantage of both parties.

Mr. Pickersgill: Mr. Chairman, I think an extremely important question of principle has arisen here. The minister is here not to account for the money he has not yet spent in the year 1959-60 but to ask this house to vote money for the year 1959-60. The basis on which we have always in the past, in my experience both as an observer of this house and as a member in this house, voted money for the current year was on the basis of the way in which the minister spent the money in the previous year and in previous years. If the Minister of National Defence will cast his mind back to the days when he sat over here on this side of the chamber and when my friend Mr. Claxton and my friend Mr. Campney were piloting their estimates through the committee, I am sure he will remember that he did not confine his inquiries to the prospective expenditures for the year in question. My recollection of those debates—and it is very vivid—is that most of them had relation to expenditures that had already been made. The payment was apparently made, according to this newspaper publicity, in the month of April which is in the current fiscal year, but whether in fact the money left the treasury before March 31 seems to me to be quite irrelevant. It seems to me that it would be the greatest abridgement of the practices of the committee if that consideration were allowed to stand in the way of an inquiry into a matter of this kind.

The other point I think is equally important, namely that if one department of government uses another department of government as its agent but the money is under the custody of the first department, then it is the duty of the minister of the department that is spending the money to make the explanations to us, not that of one of his colleagues. If he wants to invite his colleague to come and sit beside him, rise in his place and help him to make the explanation, that is perfectly all right. I am sure my hon. friend would be delighted to have the Minister of Transport here—he is a member of this house—so that he could ask him these questions. He might like to know, for example, whether Mr. Clare was the appraiser. There are a great variety of questions that it might be possible to ask about this case. I suggest that we are entitled to have from the Minister of National Defence the information which my friend the hon. member for St. Denis is seeking. Perhaps the minister would agree to allow this item to stand in order to get this information.

Mr. Brooks: If this is a point of order, Mr. Chairman, I should like to say a word on it. I think it is a ridiculous situation where the hon. member asks one minister to comment on an item which is in another minister's department.

An hon. Member: Oh, no.

Mr. Brooks: That is exactly the situation.

Mr. Pearson: No.

Mr. Brooks: If these hon. members who are asking these questions had been on the job when the estimates of the Minister of Transport were before this committee they could have obtained the answer at that time.

Then as to the other point, may I say this. They are asking this committee to consider estimates which were for 1958-59, not for 1959-60. On both points, as far as the minister is concerned, they are asking for information from the wrong minister. They are also asking

it for the wrong year. If anything could be more ridiculous I do not know what it could be.

Mr. Pearson: Perhaps I may be permitted to say a word on this point. The minister has said that we are asking this question of the wrong minister. If we had asked the Minister of Transport when his estimates were before the committee, this item could not have been included in those estimates because it had nothing to do with them. But if we had known about it and if we had asked him, the Minister of Transport at once, of course, would have said: "This is not my affair; I was merely acting as agent for the Department of National Defence. I cannot give you the information." We are considering the defence estimates and we are asking the minister to explain this transaction which occurred during last year so that we can relate the explanation to the amount he is asking this year for the purchase of land. Surely nothing could be more reasonable than that procedure. Perhaps this matter and this item could be allowed to stand until the minister has had a chance to talk to the Minister of Transport and to get the information for us tomorrow. These departmental estimates will certainly be before us tomorrow.

Mr. Denis: I am sorry to see that the present government is using the method of proscription in order not to speak about a matter which happened last year. If they have nothing to hide, why do they not answer these questions? The first report we had about this transaction appeared in the newspaper on April 15, 1959.

Mr. Brooks: The item was in last year's estimates.

Mr. Denis: We did not inquire about it. The matter is more confused. The report involves another department. Let me read from the report.

(Translation):

The picture was printed in *Le Nouvelliste* for Wednesday, April 15, 1959, alongside the following remark:

> The community business has been settled. An amount of $400,000 was paid to the owners of the lots the federal government had appropriated for the use of the defence production department.

I note that while the Minister of Defence Production (Mr. O'Hurley) is now in his seat, he did not find it necessary to rise and say whether his department had anything to do with this. All we are told is that the matter concerns a department whose minister is now absent.

Mr. O'Hurley: Mr. Chairman—

Mr. Denis: Mr. Chairman, we are told that this item in the estimates of the Department of National Defence comes under the Department of Transport. I think we are entitled to some information on this matter.

It is even stated in the report that this land is unsuited for agriculture, and subject to spring floods. It would therefore be interesting to know why this government has paid more than was offered by the former government. Indeed, we must not forget—and I ask the minister and this government not to forget—the speeches made in the past by our hon. friends opposite, in which they spoke of extravagance and unwarranted expenditures. However, those people have been in power and sitting in this parliament for only two years, and already we are able to point to cases of extravagance practically every day.

So it is worth investigating whether this government is actually thrifty.

Mr. O'Hurley: Mr. Chairman, the hon. member for St. Denis (Mr. Denis) has mentioned my name during the discussion and I must tell him that if he relies on newspaper clippings, it will take him far! The Minister of National Defence (Mr. Pearkes) has said that the matter concerns the Department of Transport. So, I take the minister's word for it and I have nothing to say about reports published in papers like, for instance, *Le Nouvelliste*. Besides, I must add that I had nothing to do with the transaction.

Mr. Denis: Mr. Chairman, I take the word of the Minister of Defence Production. I read the reports as they appear in the newspapers. There might be times when newspapers are wrong, but there are times too when they are not wrong. Moreover, I might point out that when the report was first printed in the papers, no minister or member rose in this house to deny it.

Perhaps the Minister of Defence Production and the Minister of National Defence could consult with the Minister of Transport who, as they say, was responsible for this transaction, so that we may get the information we have been seeking on this matter.

(Text):

Mr. Pearkes: Mr. Chairman, I realize the importance of the answer to this question by the member, but as the information will have to be obtained from two or possibly three departments of the government it is quite impossible for me to give an answer tonight. I have not got the information and it will take

some time to get it; but I will promise that the information will be obtained and that the hon. member will be supplied with that information at the earliest possible opportunity.

Mr. Denis: Mr. Chairman, we are insisting on this information because these questions were asked early this afternoon and the hon. minister was good enough to tell us that he would get the proper information and give it to us. Early this afternoon we asked those questions, and as a matter of fact that is the reason why this item stands, because we are almost at the end of the estimates of national defence and vote 216 has been suspended.

Mr. MacLean (Winnipeg North Centre): There was no question asked about the assessment this afternoon.

Mr. Denis: Yes. The hon. member may have been out for a while.

Mr. Pickersgill: Mr. Chairman, may I make the suggestion that the minister agree to let the item stand again—

Mr. Denis: No.

Mr. Pickersgill: —and then we can get on with the other estimates of the department, because when he supplies my hon. friend with the information he might wish to exercise his right to make some comment about it.

Mr. Pearkes: I can give the hon. member the assurance that if he wishes to make some comment on it when the information is provided there will be opportunity to do so. But as this is going to take several days in order to get this information—

Mr. Pearson: Several days?

Mr. Pearkes: It may take more than that. There are two or three departments involved. New questions have been asked this evening which were not asked this afternoon. I got what information I could in the meantime and I trust this item will be carried.

Mr. Pickersgill: Mr. Chairman, it seems to me we have made a perfectly reasonable request, and I am sure I can speak for my hon. friends in saying that we would give an undertaking to the minister that if he is agreeable to letting the item stand we will not discuss anything except this transaction when the information is provided. But we feel we have to safeguard our rights as members of parliament.

Some hon. Members: Carried.

Mr. Denis: On division.

Mr. Pearson: Mr. Chairman, this item deals with construction or acquisition of buildings, works, land and major equipment. It is a large item. Would the minister break it down and tell us how much of this item is for the acquisition of land and give us particulars about that?

Mr. Pearkes: This is the breakdown on construction or acquisition of buildings and works, etc. With regard to purchase of land, no money is provided for the purchase of land. Construction of major projects, $78,300. Construction of minor projects, $19,500. Major equipment procurement, $465,600; making a total of $563,400.

Mr. Pearson: Mr. Chairman, the minister has just said that there is no amount in this estimate for the purchase of land. I think he said there was no amount for the purchase of land.

Mr. Pearkes: No amount in these estimates for the purchase of land.

Mr. Pearson: There is shown in the estimates, however, a decrease in this particular item of $431,786 as compared with the preceding year, when the amount was $995,186. Could the minister tell us how much of this decrease is due to the fact that there is no amount spent for land this year? How much was spent for land last year?

Mr. Pearkes: The amount spent for land last year was $430,000.

Mr. Pearson: Can the minister give us details as to where that was spent?

Mr. Pearkes: No; I have not those details here at the moment.

Mr. Caron: We are in no hurry.

Mr. Winch: It seems rather a small item though.

Mr. McPhillips: There is nothing too small for that bunch over there.

Mr. Pearson: We want to know where the taxpayers' money is going.

Mr. McPhillips: If you read the estimates last year you would know where it was spent.

Mr. Pickersgill: Perhaps the hon. member for Victoria would like to assist the minister. I am sure he would make an admirable assistant!

Mr. Pearkes: That is the figure for last year's estimates but I have not got before me the breakdown of last year's expenditures.

Mr. Pearson: Do I understand the minister to say that he has not that information available now?

Mr. Pearkes: I say we have not the breakdown of $430,000 which was spent last year.

Mr. Pickersgill: Surely the minister can tell us how much was spent last year on land and where it was?

Mr. Pearkes: Whether all that amount of money was spent I do not know. That was the amount which was provided in last year's estimates for the acquisition of land. I am told that amount was spent.

Mr. Pickersgill: Could the minister say whether the particular transaction to which—

Mr. Pearkes: It was not spent entirely on this one piece of property but on a large number of properties, I am told.

Mr. Pearson: But did the amount include this particular transaction about which we have been trying to get information from the minister?

Mr. Pearkes: It did include the cost of the land, which is known as the commune St. Antoine de la Baie du Febvre.

Mr. Pearson: Could the minister tell us the amount which was included for that purpose?

Mr. Pearkes: I am told $400,000.

Mr. Pearson: Well, Mr. Chairman, we have been able to ascertain the amount was $400,000, but we are unable to get any more information out of the minister in regard to this matter. He says this is a matter for the Department of Transport, and we can do our best to get the information from the Minister of Transport who will, undoubtedly, tell us it is a matter for the minister of defence. But as the minister feels it is not possible for him to give us any more information, and as he is unwilling to allow this item to stand until tomorrow for the consideration of this one point, perhaps in these circumstances we will have to let the record show what has happened and go on to the next item.

Item agreed to.

Royal Canadian Air Force—

221. Operation and maintenance, $546,991,000.

Mr. Winch: On this vote I should like to ask a pertinent question of the Minister of National Defence. In view of the minister's analysis of the situation in Europe and the government's decision that our squadrons in Europe now have to be equipped with new planes which it intends to purchase from the United States and which will not become available until between two and two and a half years, I should like to ask the Minister of National Defence, irrespective of the situation in Europe and the equipment of the R.C.A.F. in Europe, if he would give us his analysis of our position in Canada in the event of a war of aggression and our position under NORAD with special reference to what will be the equipment of our R.C.A.F. squadrons in Canada.

Mr. Pearkes: The nine squadrons employed on the air defence of Canada are equipped with CF-100's.

Mr. Winch: Is there a differentiation made by the minister in his understanding of the air defence policy as between Canadians in Europe and Canadians in Canada? It is my understanding from the statements made by the minister yesterday and today that it is felt necessary that the R.C.A.F. in Europe should be equipped with more modern equipment than CF-100's or Sabre jets, that they must have the finest equipment available. Is it the minister's position and his statement of policy on behalf of the government that although we must now spend some $300 million for the equipping of the R.C.A.F. under NATO command in Europe with the latest possible fighters, that in Canada our squadrons—I believe it is nine—

Mr. Pearkes: Nine.

Mr. Winch: The CF-100 is all right for Canada. Do I understand that is the position?

Mr. Pearkes: There are four squadrons with the air division in Europe which are equipped and still remain equipped for the time being with the CF-100. There is no plan to change the type of equipment which those four squadrons with the air division have. In Canada, the nine squadrons are equipped with the same all-weather long-distance reconnaissance aircraft, the CF-100, and the defence of Canada, or the air defence of this continent, would be reinforced by the acquisition of the Bomarc batteries to reinforce the nine squadrons of CF-100.

Mr. Winch: Now we are getting it. Our squadrons in Canada will be reinforced by Bomarcs. But in view of the fact that the majority of the money is going to be spent because of the possibility that the two giants, the U.S.S.R. to our north and the United States in the south, may come into conflict, what is the actual situation of our fighter force in Canada to be? I understand from the minister that it is going to be equipped with CF-100's, is it not?

Mr. Pearkes: The nine air defence squadrons in Canada are equipped with CF-100's.

Mr. Winch: And there is to be no change?

Mr. Pearkes: There is no change contemplated in these estimates.

Mr. Winch: I think, sir, you have now made one of the most astounding and misunderstandable statements ever made by a minister of national defence.

Mr. Pearson: I can understand the hon. member's preoccupation with the fact that CF-100 squadrons will be operating in Canada indefinitely at a time when the capability of a possible attacker is such that one can have no assurance that the CF-100, good plane as it is and skilfully operated as it always is, will be able to carry out effectively a job which could have been done a few years ago. If we have worries on that score they are, surely, understandable. These preoccupations are increased, I think, by the references which the minister made yesterday to the possibility of United States interceptor squadrons operating from Canadian airfields and pushing interception as far north as possible which, if we are going into this kind of thing, is certainly desirable. The minister said yesterday that provision had been made for this kind of co-operation in the NORAD agreement. I have been looking at the NORAD agreement, but the only provision I can find to cover this kind of activity of United States squadrons operating on Canadian soil is the article which reads:

No permanent changes of station may be made without the approval of the higher national authority concerned. Temporary reinforcements from one area to another—

That is, one area on either side of the border, or across the border, presumably, including the crossing of the international boundary.

—to meet operational requirements will be within the authority of commanders having operational control.

That kind of movement is authorized under this agreement if it is to meet operational requirements. With respect, I suggest to the minister that this particular clause would not cover the kind of procedure I have in mind and to which I thought he referred yesterday—the stationing of United States interceptor squadrons at Canadian airfields as part of a joint force.

Mr. Pearkes: The permanent stationing could, as the hon. gentleman has just read out, only be carried out by agreement between the two governments, but the temporary operation of squadrons of the United States air force from Canadian airfields could be authorized by the commanders in question.

Mr. Pearson: May I ask the minister if there are negotiations under way now which would permit that kind of permanent stationing on Canadian soil?

[Mr. Pearkes.]

Mr. Pearkes: There are no such negotiations under way for the permanent stationing of any United States squadrons in Canada.

Mr. MacLean (Winnipeg North Centre): There is one matter on which I feel compelled to make some comment and I think it would be best done under this item. It is with regard to the separate school problem that has existed over the past year among air force personnel situated at Stevenson's field in the city of St. James. I, myself, and I know the hon. member for St. Boniface, have received a good many representations on this matter and no doubt the minister has received as many, and possibly more. I do not know what may be done with regard to immediately solving the situation. As the minister well knows, before last year the personnel situated at Stevenson's field were granted equal privileges with regard to educational opportunities for their children. In Manitoba we have a separate school system. It is my understanding that Quebec and Manitoba are perhaps the only provinces with such a system. However, the system in Manitoba differs from that in Quebec in that, although the separate school system is recognized, no public funds are authorized for the provision of such a separate system.

Up until last year the minister's department paid for the education of these children regardless of which school they wished to attend. Then at the beginning of last year an agreement was entered into by the Department of Finance with the city of St. James under which an over-all sum was paid to the city of St. James, but the city of St. James had the onus of providing the educational facilities for the children of the air force personnel situated at this air field. However, the city of St. James is not compelled to provide separate schools as such, and it is my understanding that there are no other schools in St. James apart from the Protestant public schools.

The minister may wonder how I come into this picture. I am in this picture because the main parish school which is situated in St. Edward's parish is in my constituency. The children of the Catholic air force personnel at Stevenson's field went in the main to this parish school and Monsignor MacInerney of St. Edward's parish brought this to my attention. I have talked to the air force personnel out there. I realize, of course, in part this is a constitutional issue with the minister because education comes under the domain of the provinces. This is a situation in which perhaps he can do little since the agreement has been signed.

However, I understand the present situation is simply this. The air force personnel situated

out there are still sending their children in the main to St. Edward's parish school; that is, those of the Catholic denomination and are paying for this out of their own pockets; whereas, only a few blocks away we have Fort Osborne barracks, which is in the city of Winnipeg, which has no agreement with the government but the government is subsidizing the children of the army personnel there. Of course, the personnel out at Stevenson's field say to me, "Is this right; is this fair, is there not discrimination?" This is a difficult argument to refute.

I know there is no onus upon the city of St. James to provide those facilities and it is money out of the pockets of the air force personnel situated at Stevenson's field. I am wondering whether the minister might at this time make another complete review of the present situation. It is my feeling that this is perhaps a unique situation. I may be wrong in this but I do not know of any other province that has a separate school arrangement legalized by statute. If it is a unique situation, then perhaps it deserves a unique solution. However, if it is not possible to go all the way with regard to countermanding or amending the agreement, perhaps something may be done with regard to aiding these service personnel by perhaps providing transportation. Perhaps they could use one of the department's buses to take the children to school and to bring them home.

I have been out at the field and have noticed buses standing idle during the day time. Perhaps this may be only a small matter, but the suggestions I have made would do a great deal to alleviate the situation. I would be interested in hearing the minister's remarks on this matter.

Mr. Pearkes: I shall be very pleased to look into the matter. I will take it up with the air officer commanding in Winnipeg. I thank the hon. member for the suggestion he has advanced.

Mr. Winch: Mr. Chairman, I believe this is the vote under which we can ask the Minister of National Defence to enlarge on what he had to say on this particular item in his opening remarks on the air defence of Canada, because I understand that the purchase and the allocation of Bomarc are part of the R.C.A.F. defence. I fully realize that on a security basis there may be a lot of information the minister cannot give us. I do feel that the members of the House of Commons who are 265 representatives of the millions who occupy Canada require a more comprehensive knowledge from the minister on the change which has been made in the cancellation of the CF-105, and the fact that we got the information only a few weeks ago that the R.C.A.F. in Canada will continue to be manned with the CF-100. The major defence, therefore, is going to rely on the air force installation of the Bomarc. As far as the members of the House of Commons know from all the statements made by the minister or the Prime Minister, there are two installations authorized, one in Ontario and one in Quebec.

The minister made it very clear this afternoon that he was not in a position to tell us of the actual results of the tests of the Bomarc. Therefore, we can understand that we have to go on what we can read in our own Canadian papers, in the papers of the United States and in the congressional record. In recent weeks we have read in the congressional record of a debate in the United States on the value of the Bomarc and also we have read the official record of the cutting of the estimates to a very great extent having to do with Bomarc, but I do not know whether it was experimentation or development. However, in view of the fact that the Minister of National Defence has not made any announcement in the House of Commons that he on behalf of the government is making any change on account of this, it therefore means, I take it, that as far as the government is concerned they are proceeding with their arrangements with the United States authorities on the Bomarc as a defence for Canada and United States.

That being so, I should like to ask the Minister of National Defence whether he can give us information as far as he possibly can. If anyone is to be taken into his confidence by the minister, it should be the members of the House of Commons. Since there was the cancellation of the CF-105 and his own statement that our own R.C.A.F. is only going to have the CF-100, and in view of his own statement and that of the Prime Minister going back to February of this year and continuing that we have to have something that will meet the supersonic missile, not the ICBM, will the Minister of National Defence—in view of the fact that he is only now prepared to give as authorized the establishment in Canada of two Bomarc launching stations, one in Ontario and one in Quebec—give the information as to what is the defence from Ontario to the Pacific coast?

I have had the privilege of having a talk with the Minister of National Defence. I do not think I am breaking any confidence when I say that outside of the two establishments in Canada there is now in existence or will be established a Bomarc line south of the Canadian border from the Atlantic to the Pacific. Whether the establishments are now in existence I do not know and I am not going

to ask. As a member of the House of Commons, a Canadian citizen and a citizen of British Columbia I want to ask the minister how the defence policy of the government, with its reliance on Bomarc installations in the United States, even if they are close to the Canadian border, is protection for Canadian cities, towns and villages running up to the Arctic circle?

I should like to ask the Minister of National Defence if he is prepared to say, without violating security, that a Bomarc line on the United States side of the border from Ontario to British Columbia can, in the case of any invasion, protect the northern part of Vancouver island, Prince Rupert, Terrace, Lethbridge, Regina, Peace River, Saskatoon or whatever you will. So far the Minister of National Defence, with the exception of saying that there will be Bomarc installations at two locations, one in Ontario and one in Quebec, has not told us what the protection will be in the other parts of Canada.

I know, and I am not breaking any confidence because I have seen it in half a dozen magazines, that there is a Bomarc line just below the 49th parallel, but how does that tie in with the protection of our country? I say that Canada is more than Quebec and Ontario. I accord all honour to Quebec and Ontario but as a member from British Columbia I am very much interested in that province and I know that the Minister of National Defence is too. It is pretty hard for a member of the opposition to speak on this matter but I do want to say that I do not think the minister has taken the house into his confidence as much as he should have. He has not given us as clear a picture as we should have as to defence policies and the protection of Canada if aggression takes place.

I hope, and this is all I will have to say about the matter, that the minister will perhaps be able to open up his mind and his heart a little bit more and give us a little more information so that we will have a better understanding of what is actually taking place in Canada in order to try to alleviate the misunderstanding as to why there are Bomarc installations in eastern Canada but nothing in central and western Canada, the misunderstanding as to why the most modern is for NATO and the obsolete for Canada. I should like him to explain if he can that under government policy we are not just the defence area of the United States and, in the event of war, the graveyard.

Mr. Pearkes: Mr. Chairman, in my opening remarks yesterday I did my best to explain briefly and as concisely as I could the policy regarding the defence of Canada. Canada is a member of the western alliance. The overriding concept of that alliance is to prevent war. We believe that by having powerful forces of retaliation, and I do not attempt to say that this is a good solution for all time, we will make it quite obvious to any potential enemy that it is not worth while starting a war because the power of the west will strike back and will be so devastating in its effect on that country.

In order to have that power of retaliation effective it must be kept secure and in order to keep the power of retaliation secure and also to provide a degree of protection to our own population and the cities of Canada we have established first of all an extensive warning line stretching from the Atlantic ocean across the north of Canada to the Pacific, and that line is duplicated by other lines closer to the populated areas. They will give warning not only to our cities to take measures of protection but, more important, to get the SAC bombers off their bases.

The potential enemy realizes that and realizes that his chances of really carrying out a sudden attack on the SAC bases at the present time, thereby destroying the power of retaliation before the bombers can get off their bases, are extremely remote. Then also as part of the deterrent we have various, shall I say, zones of defence as far north as it is possible for the interceptors of the R.C.A.F. to go, working in conjunction with United States air force interceptors under the command of NORAD. As I said before, those bombers that get through that zone of interception will then come within the range of the Bomarc stations which consist of a series of interlocking stations, two in Canada and the balance in the United States close to the border of Canada but all interlocking so that the whole of the air space from the Atlantic to the Pacific within their range is covered.

In order to make that more effective, and in order to provide the control which is necessary for the interceptors and Bomarcs, we established additional radar stations, pushing them farther north so it will become possible for the interceptors to operate farther north than they can today. We are introducing gap fillers between the stations of the Pinetree line so some aircraft, trying to dodge the radar screen and sneak in at low level, will be picked up.

We are linking all this up with certain communication centres known as the SAGE environment which is an automatic system of transporting information received and translating it again into instructions to the aircraft or the missile so that they may be effective.

That is a brief description of the air defence of Canada. I hope that the hon. member will note this outline I have given and will link that with what I said in my opening remarks. Then, I trust he will be able to get a picture of what we are trying to accomplish. The west's defence is based on the power of retaliation. The retaliation forces must be secure, and we are in a partnership in the defence of this North American continent, including the cities of Canada, the cities of the United States and the SAC bomber bases, with our allies, the United States. Their aircraft will be available to protect the cities of Canada against bomber attack.

The hon. member talks of two Bomarc bases. Yes, there are two in Canada, but from the west of North Bay to the Pacific the centres of population in that Bomarc zone will be covered as soon as these Bomarc batteries are in place in the United States. However, one must remember that they come under the command of NORAD and we have a Canadian officer as deputy commander of that force. These Bomarcs and these interceptors, whether they are based in Canada or based in the United States, will be directly under the command of the commander in chief of NORAD for the protection of everything that there is on this continent.

Mr. Winch: I have a question on the same phase of the discussion. The Bomarc is not a system of retaliation, the Bomarc is a system of defence.

Mr. Pearkes: Bomarc is for defence; it has nothing to do with retaliation at all except that it is a protection for the forces of retaliation.

Mr. Winch: That is what I said; Bomarc is not a weapon of retaliation, but Bomarc is a system of defence. So far as we know from the Prime Minister and the minister, Bomarc, as a system of defence, is only now being authorized, paid for and installed in two sections of Canada. I listened very carefully to what the minister had to say, but if it is not breaking security I should like to ask this question because your government is placing the emphasis on Bomarc: Is there a protection for the third city of Canada by Bomarc the same as there will be for Ottawa from North Bay? I think we are entitled to know the answer to that.

Mr. Pearkes: I have said there will be a general interlocking of Bomarc stations from the Atlantic to the Pacific which will be capable of engaging hostile bombers before they enter the air space over the heavily populated parts of Canada. If my hon. friend is thinking of the city of Vancouver from which he comes, there will be a Bomarc station which will be capable of doing exactly that task and providing that protection about which he is so concerned.

Mr. McGee: Coming down from the airy heights of armchair strategy to a matter concerning an individual member of the Royal Canadian Air Force, I should like to put in the form of a rather lengthy question the case of an individual which has been brought to my attention. I would prefer, for the moment, not to disclose his name or circumstances, for obvious reasons.

This young man, 19 years of age, joined the Royal Canadian Air Force in a certain trade capacity. Since his enlistment he has married and has had a child. He is faced with the usual situation which confronts a young married couple with a child. According to the information which I have it is suggested that it is air force policy that if the individual cannot demonstrate his ability to look after his family they release him, at least this is one of the reasons which would contribute to his release. Apparently, according to my information, a member of the R.C.A.F. must reach 21 years of age before he can receive a married allowance. The representations made to me take cognizance of the fact that this is, perhaps, a reasonable attitude for the air force to adopt in general, but raises the countering argument that this particular individual happens to be dedicated and is most interested in a career in the Royal Canadian Air Force. I must say this is an attitude I can understand having shared at one time that same point of view.

This young man graduated at the head of his class following his training period. In fact, it has been brought to my attention that there are others who desire to be released, but for other reasons I will grant you. My question to the minister is, is it a matter of policy in the air force—I must confine myself to that particular service at this time—that 19-year-olds who have married and assumed certain responsibilities at the same time incur disabilities as a result of that particular situation?

Mr. Pearkes: If the hon. gentleman will let me know the name of this man privately, I will see what can be done for him. But as a matter of principle we do not encourage service men to marry under 21 years of age.

Mr. McGee: While I can appreciate the decision of the department and the particular service in not encouraging marriage and the acquisition of dependents, surely it is a fact that people under the statutory age of 21 in ever increasing numbers in other areas of our society do in fact marry and do in fact

have children. I am wondering whether the minister might give some indication as to whether this particular general policy—and I assume it is a general policy—might be the subject of some review and reconsideration.

Mr. Regnier: Mr. Chairman, I rise to support the plea made by the hon. member for Winnipeg North Centre with regard to the education of the children of the personnel located at the R.C.A.F. station at St. James. In 1957 the Canadian government was providing for the education of the Roman Catholic children using the English or the French language. But in 1958 an agreement was made with the city of St. James providing for the education of the personnel at the station. However, the children desiring to attend separate schools were overlooked. Since this is a right of all Canadians to be educated at schools to which they want to go, in the province of Manitoba separate schools are legal. As a matter of fact, the constitution of the province of Manitoba is the same as the constitution of the province of Quebec. In 1870 when the constitution was drafted the Roman Catholics of Manitoba were in the majority, and this constitution was made in order to protect the minority of the future. Now it is the Roman Catholics who are in the minority. I believe that the federal government should see that the children of the personnel at the R.C.A.F. station have the same rights as those in the army. Right across the river from there the children of the personnel stationed at Fort Osborne, for example, are provided for at the expense of the government. Our troops in West Germany are provided for at considerable expense. Teachers are sent from Canada to Germany to teach both in the separate schools and in the public schools. I think this is an irritating matter that is not conducive to Canadian national unity. It is not a serious matter. It is not a matter of much expense. I should like the minister really to look into this matter.

Mr. Hellyer: Mr. Chairman, the minister yesterday announced that eight squadrons of the air division in Europe were to be re-equipped with the F-104. Those of us on this side of the house indicated our satisfaction that a decision had finally been made even though we were advised last night that the commitment had been made in December, 1957 and the government had had all of these intervening months in which to consider the matter. We were glad the decision had been made because if the air division is to be retained in Europe, it must be well equipped. Our satisfaction at the fact that a decision had been made is lessened by the nature of that decision because of what we have learned of the characteristics of the F-104.

The minister told us last night that it was primarily a strike fighter and that it had no other role. Yet upon examination we find that the F-104 was designed to be an air superiority fighter, the last of the air superiority day fighters. It holds the world speed and altitude records. To be able to do this, in order to provide this capability, air frame stability was sacrificed in the design.

We are advised that there are certain manoeuvres that the plane cannot do, that it is subject to stick "judders" when approaching manoeuvre limits, thereby warning the pilot that the plane is nearing the point where there will be loss of control. We further understand that the F-104 was grounded two years ago by the United States air force because of trouble with afterburner controls and power trim settings, although these difficulties have presumably been overcome. We further understand that the fatality rate of F-104 planes and pilots in the U.S.A.F. is unusually high. The accident rate is about double that of other U.S.A.F. fighters.

It is true that the F-104 used by the U.S.A.F. is not the Mark G contemplated for our air division but the G differs from the others mainly in electronic equipment, there being no change in the air frame or engine.

Why did the government not choose either the Grumman F-11-F Super Tiger or the Republic F-105 Thunderchief? Both of these aircraft were designed specifically for the strike role and both are very stable weapon platforms. The characteristics of the Thunderchief as outlined to the U.S. house appropriations committee are as follows:

> The F-105 is manufactured by Republic Aviation at Farmingdale, N.Y. It is powered by one J-75 turbojet engine, manufactured by Pratt & Whitney, United Aircraft Corp, Hartford, Conn.
>
> It is an all-weather tactical fighter. It is being procured to modernize our tactical fighter force. It will provide partial modernization of forces equipped with F-100's which do not have the performance needed in the 1960 time period to enable it to compete favourably with first-line aircraft of other nations.
>
> The principal characteristics of the F-105 are:
>
> 1. It can fly at supersonic speeds.
>
> 2. It has an accurate, self-contained navigation system that is independent of vulnerable, ground-based aids to navigation.
>
> 3. It is equipped with a radar system which makes it possible to attack ground targets under all weather conditions.
>
> 4. The F-105 can deliver a wide variety of conventional munitions should the situation demand.
>
> The F-105 is a jack-of-all-trades, capable of gaining air superiority or attacking ground targets with nuclear or conventional weapons. It will also be equipped with one M-61 20 mm. cannon.

We are informed that Republic offered to let Canada make all the sheet metal airframe parts, including skins, after-fuselage structure and parts of the wings for its United States air force contract, thereby giving this country an additional production sharing order. Furthermore, the Republic 105 has been engineered in such a way that it would be able to use the Iroquois engine, and it is understood that Republic offered to consider using the Iroquois engine for its United States air force contract. This would have been a matter for agreement between the United States and Canadian governments. If such an arrangement had been reached the Canadian plus the U.S.A.F. orders would have been sufficient to make the Iroquois competitive for other installations. In any event, it would likely have been cheaper, if you consider the cancellation costs connected with the Iroquois, to have put it into production rather than tooling up for another engine. The Iroquois engine would have increased the power and effectiveness of the Thunderchief, an already outstanding strike aircraft.

What about the J-79 engine in the F-104, the plane the Canadian government has chosen for our air division? Congressman Andrews of Alabama had the following questions to ask:

Mr. Andrews: How often do you overhaul an engine? At certain periods?

General Hewitt: At certain periods, sir. We have different life expectancies on engines running all the way from 100 hours between overhauls to approximately 1,200 hours, for one of the engines that we now use, the J-47 in the B-47.

Mr. Andrews: What is the one which has 100 hours' life expectancy?

General Hewitt: The one which has 100-hour expectancy, right now, perhaps a little less, sir, is the J-79 which is in the F-104 aircraft. I can recall the time when the J-47 in the B-47 aircraft also had a life expectancy of 100 hours. As we find out the faults and the weaknesses of these engines, sir, by modification we can extend their life expectancy.

We have a complete chart here, sir, if it would be of any interest to you, which shows the life expectancy of each one of the types of engines we are now using.

Would you not know, Mr. Chairman, that of all the engines in all the fighter planes of the United States air force the Canadian government would choose the one which is the least satisfactory?

As regards armaments, it is reported that the F-105 rocket payload is approximately five times that of the F-104. In addition, it has an internal bomb bay which gives it a capability of delivering nuclear or conventional weapons. The F-104 does not have an internal bomb bay. The F-105 is the only plane available which can launch a bomb when flying twice the speed of sound. It has been flying for nearly two years and unlike the F-104 has yet to kill a pilot. It has been estimated by a United States research team that one Republic 105 Thunderchief is capable of doing the work of two F-104's. On this basis the F-105 system if bought in its entirety would cost less than the F-104 because it would take fewer planes to do the job.

The Republic F-105 also has an all-weather fighter capability and could be used to supplement the Bomarc if Canada is to remain in this particular field of continental defence. It could be stationed at bases such as Comox, Cold Lake, Churchill and Bagotville, for example, and could make contact with the enemy far over the north. To provide this capability would merely require minor modifications in the electronic system.

The Grumman F-11-F is also an outstanding aircraft. Its electronic capabilities are similar to the F-104. It was designed for the United States navy as a strike aircraft. It, too, is very stable, an excellent weapon platform. United States confidence in the Republic 105 Thunderchief is demonstrated by the fact that it is presently in United States air force squadron use and there is a production order which will continue until 1963. The United States air force, which developed all these planes and which is in the best position to evaluate them, chose not the F-104 but the Republic F-105 Thunderchief for its strike fighter squadrons. United States confidence in the F-104 is demonstrated by the fact that it does not plan to replace this plane in squadron service as the inventory is depleted. The very high attrition rate will accelerate this phasing out.

The plane chosen by the government of Canada to re-equip our air division is, Mr. Chairman, to put it bluntly, no ruddy good for the strike role. The air frame is unstable. The engine is not reliable enough. It was not designed for the job. There are infinitely better aircraft available for the strike reconnaissance role. This, Mr. Chairman, is just one further example of this government's incredibly bad judgment in defence matters.

Mr. McGee: I wonder if the hon. member would table the document from which he was reading?

Mr. Winch: I would like to ask the Minister of National Defence if he would give an indication of something which I admit I do not know, and that is with regard to matters which have an effect on the air force and its equipment, its equipment in Canada and its equipment overseas. Would the minister mind explaining just how a decision is reached

amongst the air staff, himself, the government, NATO and the general staff? What is the arrangement whereby these things are discussed and decisions reached, and who makes the final decision?

In other words, I would like to know, not just for my own information, but I think I can speak, although I have not got the right to because I cannot—well, I will say it—on behalf of high ranking officers of the R.C.A.F. who have been in a position where they have been stultified, stupefied, not knowing what to do because they had no authority to do it. I knew, even up to two weeks ago—if you ask me to name the R.C.A.F. man you could crucify me because I am not giving his name—that the R.C.A.F. to my knowledge were sitting wondering and waiting for what was to be done, what was going to be the decision? They were wondering what was going to happen to our squadrons in Europe and what was going to happen here in Canada. I have never been called a liar in my life and no one is going to call me one now, but I say that that is something which is inside the armed forces, Mr. Minister of National Defence, whether you like it or not. It is a position of complete indecision because there is no unification. There is no chain of authority and there is no chain of decision.

I should like the Minister of National Defence to stand up in this committee right now and tell us what is the chain of consultation, what is the chain of decision, what is the chain of authority; who makes the final, authoritative decisions on policy, on planes, on equipment and on the armed forces. I use the occasion of this vote to ask that question. I am going to say to the Minister of National Defence, that he will make the greatest contribution to the morale of the armed services and to the brass hats of the army if he will announce where authority lies, where decision lies, where the responsibility lies. It is repetitious, but I am going to repeat that if the minister would get rid of the confusion which I know existed up until last week by laying down something which will be on record in *Hansard* as to where the authority lies, he will have done more than any previous minister of national defence has done toward building up the esprit de corps and morale of the armed forces. But, particularly, I ask him the question: what is the chain of consultation and command; who makes the decisions relative to policy and equipment and aircraft for the R.C.A.F. under vote No. 221?

Mr. Pearkes: Mr. Chairman, the chain of command for the R.C.A.F. and the other national armed forces is described in the charts at the end of the white paper.

[Mr. Winch.]

Mr. Winch: That doesn't mean a thing.

Mr. Pearkes: Simply because you cannot understand plain English. These charts show exactly the commands of the R.C.A.F. It is all explained in this paper. The chief of the air staff is the senior officer of the R.C.A.F. He is advised by an air council. He makes his recommendations, if they concern the administration of the air force, to me directly, and if they raise questions of defence policy they go to the chiefs of staff committee who then make their recommendation to the Minister of National Defence. If it is within his powers, he makes the decision himself, but otherwise he refers it to the cabinet.

Mr. Winch: Can I ask the Minister of National Defence who was the general officer commanding western command and who is one of the best known of the generals of Canada and who has now been Minister of National Defence for two years, if he honestly believes that the white paper contains the answer to these questions, because if so he is far more naive than I ever thought he would be.

The Deputy Chairman: Shall this vote carry?

Mr. Pearson: No. It is a long time since the government or the department has had to make a more important decision in the field of military equipment than the one they have made in respect to the reinforcement of a major part of the Canadian air force which is now to continue its service overseas under NATO. That requirement indicates that the division is going to be given a new role, that of strike fighter, and no more important role could be conferred on a division than this. And therefore, Mr. Chairman, it is surely of the greatest importance that we should get all the information we possibly can in respect to this decision which was made to re-equip the division with a particular plane concerning which we have doubts in comparison to other planes which were designed for the same purpose.

So we on this side hope that the minister will be able to deal tomorrow with some of the questions which have been raised by my hon. friend from Trinity in expressing doubt as to the suitability of this particular aircraft in comparison with others, and we shall have other questions to ask the minister on that point. More particularly, we should like to hear from the minister the reasons why this particular plane was chosen, the procedure which was followed, the examination and the tests which were given to other planes, and information on all those matters which must have been in the minds of the government before they took this important

decision. Perhaps the minister will be able to satisfy our legitimate concern on this matter when the committee resumes tomorrow.

Mr. Pearkes: Just briefly, tonight, I might say that as I stated in my opening remarks yesterday a large number of different types of aircraft were examined—British, American and European—by teams of technical officers from the R.C.A.F. and the Department of Defence Production, and when all the considerations had been evaluated and examined, including the suitability of the different types of aircraft to carry out the role which had been assigned to them, availability, cost, the sharing of production and all those considerations, both military and economic, those matters were then considered by the chiefs of staff committee. They were studied by myself. They were considered by the cabinet defence committee and finally by the cabinet itself, and the final decision was reached when all the evidence had been obtained that this was the most suitable aircraft to meet all the requirements.

Mr. Pearson: May I ask the minister one more question before the committee adjourns. Is it a fact that the United States has re-equipped its own tactical squadrons in Europe with Republic F-105 fighters?

Mr. Pearkes: I understand that some squadrons of the U.S.A.F. are being equipped with the Republic F-105.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the leader of the house has anything to add to what he said last night about future business.

Mr. Green: No, Mr. Speaker. The business will be as I outlined it then.

Mr. Pearson: Is the leader of the house able to tell us what we will be doing next Tuesday? I think he indicated what the business will be on Monday. Can he go one day further?

Mr. Green: If we finish with the legislative items which I mentioned last night, then we will go on with any other items on the order paper on Tuesday with the exception of item No. 2, which is consideration of the amendments made by the Senate to the Income Tax Act, item No. 4 dealing with the Canada Shipping Act, item No. 6 dealing with the Combines Investigation Act and the Criminal Code. Any of the others might be called. We would arrange with the opposition parties if there should be any change in this order.

At 10.04 p.m. the house adjourned, without question put, pursuant to standing order.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

214. Departmental administration, $3,380,550.

Inspection services—

215. Operation and maintenance, $6,967,225.

216. Construction or acquisition of buildings, works, land and equipment, $563,400.

Royal Canadian Navy—

217. Operation and maintenance, $192,550,000.

218. Construction or acquisition of buildings, works, land and major equipment, $94,942,000.

Canadian army—

219. Operation and maintenance, $357,913,000.

220. Construction or acquisition of buildings, works, land and major equipment, $90,940,000.

HOUSE OF COMMONS

Saturday, July 4, 1959

The house met at 11 a.m.

UNEMPLOYMENT ASSISTANCE

QUEBEC—ANNOUNCEMENT OF SIGNING OF AGREEMENT

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I have pleasure in announcing to the house that earlier this week, on July 1, I signed on behalf of the government of Canada an agreement with the government of the province of Quebec under the provisions of the Unemployment Assistance Act. Hon. Paul Sauve, minister of social welfare and of youth of the government of the province of Quebec, has signed the agreement on behalf of that government. With the completion of this agreement the Unemployment Assistance Act is now in effect in all 10 provinces of Canada.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO ATTENDANCE OF PREMIER OF QUEBEC AND COMMENTS ON AGENDA

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Prime Minister. May I ask him if he has been officially advised that the premier of Quebec will attend the conference on Monday?

Right Hon. J. G. Diefenbaker (Prime Minister): I have had no official advice. I do not know if the Minister of Finance, who has been looking after this matter, has received any communication. If there was one it would naturally be to him.

Mr. Chevrier: I would have directed my question to the Minister of Finance in the first place, but because of his absence I directed it to the Prime Minister. Here is the Minister of Finance now, and perhaps I could direct the question to him.

In the absence of the minister I was asking the Prime Minister, and perhaps the minister will take it as directed to him, whether or not he has now been officially advised that the premier of Quebec will attend the conference on Monday?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker.

Mr. Chevrier: May I ask the minister whether he has received any comments from the government of Quebec on the proposed agenda for the conference?

Mr. Fleming (Eglinton): I understand not, Mr. Speaker; that will be reserved, presumably, for the conference on Monday.

Mr. Chevrier: May I ask a further question. Is it still the intention of the federal government that the meeting will be nothing more than a study group or seminar and that no important decisions will be taken to modify the present fiscal arrangements?

Mr. Fleming (Eglinton): That question, put in that form, completely misrepresents the scope, purpose and effect of this conference. This, Mr. Speaker, in the view of the government is a very important conference, and the importance which the government attaches to it is reflected in the preparations that have been made for it and in the broad and comprehensive scope of the matters that are to come before it.

As I have endeavoured to indicate on previous occasions, one of the difficulties that have beset the plenary dominion-provincial conferences in the past has been that each side, the dominion government on the one hand and the provinces on the other, has come to the conference with preconceived ideas and positions. There has not been a comprehensive study of the whole tax structure of this country so far as it affects both the dominion and the provinces.

This has been badly needed and it has been badly needed not simply on the basis of a dominion study but on the basis of a co-operative study. We have a federal system in this country under which provincial governments are sovereign. They have their rights; they have their powers, and they have heavy responsibilities. The federal government has its powers, its rights and its heavy responsibilities as well. The view of the government has been that if we are going to do anything effective on a long-term basis in this country to help governments at all levels to work effectively together in relation to fiscal problems, there must be a comprehensive study, and it must be undertaken on a co-operative basis.

It is our hope, Mr. Speaker, that at this conference we will be able to bring about something that has not been effectively done

before in the realm of dominion-provincial fiscal relations in this country; in other words, a comprehensive co-operative study of those common problems with a view to achieving long range comprehensive understandings and arrangements in regard to them.

Mr. Hazen Argue (Assiniboia): A supplementary question. Will such a study at this conference include the possibility of providing a winter works program for the coming winter to take care of unemployment, or will such a contingency be beyond the scope of this conference?

Mr. Fleming (Eglinton): Mr. Speaker, that type of study is one falling within the sphere of the labour departments of the federal and provincial governments. It is not strictly a matter pertaining to fiscal problems between the various levels of government, but there are many questions associated with common undertakings on the part of the various levels of government that obviously do relate to the fiscal problems within dominion-provincial relations.

Mr. Argue: I take it the minister's answer is that no particular study of the unemployment question will be dealt with?

Mr. Fleming (Eglinton): No, I did not say that. I was asked by the hon. member a specific question in regard to a winter works program, as I took it, for next winter. A similar question was asked yesterday of my colleague the Minister of Labour, and he dealt with it. If my hon. friend is asking me about a particular program for next winter I cannot say to him categorically that it will be studied at this particular conference. But in regard to fiscal relations, fiscal problems, as between the levels of government, certainly there is no desire on the part of the federal government to curb or restrict the extent of discussion. I do, Mr. Speaker, wish to emphasize the comprehensive nature of the studies that we are prepared to undertake jointly with the provinces in this field, because we do attach the greatest importance to it.

Mr. Argue: In view of the comprehensive nature of the conference to which the minister has referred, is he able to inform the house whether all the premiers will be in attendance at this conference?

Mr. Fleming (Eglinton): I have already informed the house, Mr. Speaker, as to the number of premiers who will be attending. We have been informed that there will be five premiers in attendance at the conference, three of whom are treasurers of their own provinces, and two who are coming with the provincial treasurers of their provinces.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the important and comprehensive character of this conference, as emphasized by the minister, does he not feel that we would have been justified in setting aside a day or two days to discuss these special problems before the conference was held?

Mr. Fleming (Eglinton): Mr. Speaker, if any subject has been discussed in this House of Commons until it is worn threadbare it must surely be the subject of dominion-provincial fiscal relations at this present session. It was initiated by the opposition in an amendment to a supply motion back on February 9. If I am correct in my calculation, no fewer than 10 days of the present session have been devoted to a discussion of this problem in all its various forms. What would have been accomplished by one more day of debate on it I do not quite understand; but I do point out to the hon. gentleman that the subjects, as I mentioned previously, that were submitted to the provinces for their approval, as subjects coming within the scope of review and discussion at the conference, were confidential. Until the conference releases that list from that restriction it is still a confidential document. I hope it will be possible early in the conference to make that comprehensive list available to the public, but we would have to have the permission of the provinces to release it.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, a supplementary question. Has the minister forgotten that on most of the days he referred to he kept raising points of order to prevent any discussion of the conference?

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Mr. Speaker, I do recall raising points of order where those points of order were fully justified.

[*Later:*]

Mr. Frank McGee (York-Scarborough): I wonder if the Minister of Finance would tell us whether any other members of the government besides himself will be attending the dominion-provincial conference next week?

Mr. Fleming (Eglinton): Perhaps that question should more properly be directed to the Prime Minister.

Mr. Diefenbaker: I may say that in the preparations which naturally have taken place leading to the convening of such a conference,

and with respect to the various matters which will come before this conference, the Department of National Revenue must necessarily participate to a considerable extent, and in the circumstances the representation on the part of the federal government at the ministerial level will include both the Minister of Finance and the Minister of National Revenue.

ROYAL VISIT

INSTRUCTIONS TO MOUNTED POLICE ON LAW ENFORCEMENT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, prompted by a number of persons who are quite concerned I wish to direct a question to the Minister of Justice. Has the minister's attention been drawn to an item in the Montreal *Star* of June 26 which quotes an R.C.M.P. officer as saying:

> We couldn't push them around as if they were a street mob, as a lot of them were very influential people.

The officer made that remark when replying to a question with respect to certain disturbances at a recent public function. In view of the disturbing implications of such a statement, would the minister assure the house that the R.C.M.P. have instructions to enforce the law on all occasions, regardless of the pomposity, prestige or pocketbooks of the persons concerned?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, my attention was drawn to a reported remark attributed to a member of the R.C.M. Police to the effect that the hon. gentleman has outlined in his question. I have not been able to ascertain that such remark ever was made by a member of the R.C.M. Police, and I would be very surprised indeed if it was, because I think the record of the way in which the police have handled their responsibilities in connection with the royal tour, under circumstances which are not always easy, indicates quite clearly that special efforts are being made to do their job with due regard for their responsibilities under the law to Her Majesty and to the public who may be interested in seeing the Queen on the occasion of her tour.

REQUESTED DELAY IN DEPARTURE FROM HALIFAX

On the orders of the day:

Mr. R. J. McCleave (Halifax): I have a question for the minister in charge of the royal tour arrangements. Could consideration be given to delaying the departure of the royal couple from Halifax harbour on the *Britannia* so that instead of departing late Saturday night they could receive a royal send-off on Sunday morning by several hundred boats, hundreds of church bells and tens of thousands of people—in short, so that we in that area could de-Joyce properly?

Hon. George H. Hees (Minister of Transport): The program of the royal tour has been firm for some time. I will be glad to look into the suggestion made by the hon. member and see if that could be done, though I am afraid it could not, because as I say the arrangements were worked out with the Queen some time ago. But I will look into the matter.

AGRICULTURE

CROP INSURANCE AND FARM CREDIT—REQUEST FOR DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of Agriculture, arising out of a very strong press release issued by the Saskatchewan minister of agriculture, Hon. I. C. Nollet, in which he says it is imperative that a federal-provincial conference, including representatives of farm organizations, should be convened immediately before final approval is given to the legislation covering crop insurance and agricultural credit. Is the Minister of Agriculture prepared to call such a conference so the views of the provinces and the farm organizations may be obtained before this legislation is finally dealt with?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I have not seen this press release to which the hon. member has referred. I have seen a press release which quotes the minister of agriculture of Manitoba as saying that he is very well satisfied indeed with this legislation. As far as calling a conference is concerned, the result, as the hon. member knows, would be that this legislation would not be implemented at this session of parliament. I think it is essential that the crop insurance plan and the improved credit plan which are covered by the two bills should be implemented and put into effect as soon as possible.

Mr. Argue: Mr. Speaker, since the present crop season is well under way, could the minister explain how a delay of a few weeks, or even some months, could affect the implementation of the crop insurance scheme?

As a further question I would ask whether in view of the minister's answer he is prepared to have this legislation go before the agriculture committee in order that witnesses from the provinces and farm

organizations may be called before the committee to comment, in the instance of crop insurance, on legislation which is really in the provincial field?

Mr. Harkness: Mr. Speaker, as far as this latter question is concerned, the hon. member asked the same question when the legislation was under consideration and I have nothing to add to what I said at that time.

Mr. Argue: Will the minister inform me now when he will be prepared to say whether this important legislation will be referred to the committee on agriculture, or is he just stalling?

ST. LAWRENCE SEAWAY

REPORTED WASTAGE OF WATER IN INTERNATIONAL SECTION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Will the minister comment on the statement made by the president of the New York state power authority, Robert Moses, to the effect that many millions of gallons of water which could be used for the development of power are going to waste in the international section of the river because of lack of decision by an international body of which Canada is a member?

Hon. George H. Hees (Minister of Transport): I would not want to comment on the reported statement by a civil servant of another country regarding an important matter of this kind, but I can say that this matter is being discussed between representatives of the province of Ontario and the federal government at the present time.

Mr. Chevrier: Will the minister be in a position to make a statement with regard to those discussions?

Mr. Hees: I will, when the discussions have been completed.

(Translation):

PARLIAMENT HILL

REPORTED FAILURE OF MOUNTED POLICE TO STAND AT ATTENTION FOR NATIONAL ANTHEM

On the orders of the day:

Mr. Yvon Dupuis (St. Jean-Iberville-Napierville): Mr. Speaker, I should like to ask the Minister of Justice a question. Can he tell us why, at the conclusion of carillon recitals from the peace tower of the parliament buildings of Canada, R.C.M.P. officers fail to stand at attention at the playing of "God Save the Queen" and "O Canada" to the consternation of listeners present on the hill?

[Mr. Argue.]

(Text):

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I am not aware that what has been stated by the hon. member has taken place, but I will make inquiries and if there is anything which requires to be drawn to the attention of the police authorities I will be glad to see that it is done.

FISHERIES

NEWFOUNDLAND—CHANGES RESULTING FROM PROCLAMATION OF FEDERAL ACTS

On the orders of the day:

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): I should like to direct a question to the Minister of Fisheries. In view of the proclamation in Newfoundland of the Meat and Canned Foods Act as related to fish and shell fish, and the Fish Inspection Act, as announced by the minister yesterday, may I ask what changes are likely to result in fish handling and processing in the province of Newfoundland?

Hon. J. A. MacLean (Minister of Fisheries): I will be glad to take this question as notice and answer it later.

NATIONAL PARKS

TERRA NOVA—INQUIRY AS TO CHANGE IN EMPLOYMENT PROCEDURES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Northern Affairs and National Resources if he has received a letter from the minister of mines and resources of Newfoundland regarding the difficulty being experienced by the people in Canning's Cove in the operation of the preference in employment in Terra Nova national park. If so, has the minister made any reply?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): No, Mr. Speaker. I might say to the hon. member that since he contacted me a couple of weeks ago I have been in touch with the superintendent in the park. Additional employment has taken place. There were a number of men hired there, but additional men were taken on to bring the staff up to full complement. It was not a large number, but I think this will help a little.

Mr. Pickersgill: I appreciate what the minister has said.

HIGHWAYS

MANITOBA—INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the

minister a question totally unrelated to the one I put to him a moment ago. On June 10 I asked the minister whether an agreement had yet been concluded with the government of Manitoba for federal assistance for a large highway program which I believe would start at Gypsumville and go north to the Hudson bay railway, or somewhere in that area, between the lakes. I wonder if any progress has been made.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, the two governments have agreed on the roads in question, involving a distance of some 800 or 900 miles. The province is already working on certain of the roads, but an agreement has not yet been signed.

Mr. Pickersgill: A supplementary question, Mr. Speaker. Is this part of the roads to resources program in Manitoba?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker.

Mr. W. M. Benidickson (Kenora-Rainy River): A supplementary question, Mr. Speaker. Does that, then, limit the federal contribution to $1,500,000 a year?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, the federal contribution is up to a maximum of $1,500,000 a year and a total contribution of up to one-half of $15 million over the period of the contract.

Mr. Pickersgill: Mr. Speaker, I wish to direct another question to the Minister of Northern Affairs and National Resources arising out of the question raised by my friend the hon. member for Kenora-Rainy River. Have any agreements under the roads to resources program been signed with any of the provincial governments?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Speaker; one.

Mr. Pickersgill: Has an agreement been signed with the province of Newfoundland?

Mr. Hamilton (Qu'Appelle): No, Mr. Speaker.

EXTERNAL AFFAIRS

FRANCE—STATEMENT ON REPORTED PROTEST AGAINST C.B.C. TELEVISION PROGRAM

On the orders of the day:

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, yesterday the Leader of the Opposition asked me whether there was any foundation for the report that the premier of France found it necessary to summon the Canadian ambassador in order to protest the appearance of two Algerian rebels on a Canadian Broadcasting Corporation television program. The hon. member requested, if the report were accurate, that I tell the house what stand was taken by the Canadian representative in respect of this matter.

The only publication that I have been able to find containing a report of this kind consisted of a letter published in the *Globe and Mail*, written by someone who obviously is not very friendly to France. The facts are that there was no such thing as the premier of France finding it necessary to summon the Canadian ambassador before him. There were protests made to the Canadian ambassador in Paris and also made in Ottawa by the French ambassador to Canada. In each case it was explained that the C.B.C. has an independent status in this country, so it is not just a matter of course that programs of this kind could be stopped by the government.

Hon. L. B. Pearson (Leader of the Opposition): A supplementary question, Mr. Speaker. It is a fact then, is it not, that no action was taken by the government in respect of the request for these two Algerians to appear on the C.B.C.?

Mr. Green: The protests were drawn to the attention of the Minister of National Revenue, who reports to parliament for the C.B.C. Apparently protests of this kind have been made on earlier occasions by different countries.

Mr. Pearson: Mr. Speaker, may I ask the Minister of National Revenue whether he took any action in this matter?

Hon. George C. Nowlan (Minister of National Revenue): As I explained in another place, before the parliamentary committee, —and I brought in the name of the official— I received a telephone call from Mr. Norman Robertson, the Under-Secretary of State, who in the absence of his minister that day called me personally and said that the two protests —I believe that was the word he used—one in Paris and one of which he knew personally made by the French ambassador here had been brought to the department. He was passing this information on to me for such action as I thought was proper under the circumstances.

As a result I called the C.B.C. office and contacted Mr. Bushnell, the acting president, directly. I told him the message I had received from the Under-Secretary of State and advised him that he should take such action as the corporation saw fit in view of the nature of these protests.

(Translation):

POST OFFICE DEPARTMENT

ONTARIO—INQUIRY AS TO PURCHASE OF GASOLINE FOR SCOOTERS

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I ask the Postmaster General a question? Is the minister aware that there is a gasoline price war on in Ontario, and that gasoline prices are down 16 cents a gallon? If so, does he intend to take advantage of this situation to lay in a supply of gas for use in his American "scooters"?

(Text):

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, to one of the most remarkable questions that has ever been asked in this house, I can only say no.

INQUIRY FOR RETURNS

INQUIRY AS TO COMPLIANCE WITH ORDERS OF THE HOUSE

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Secretary of State if he would, on Monday or Tuesday, indicate to the house which orders of the house have not yet been complied with and how soon we may expect them to be complied with, in view of the nearness of the end of the session.

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I will do that with pleasure.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Royal Canadian Air Force—

221. Operation and maintenance, $546,991,000.

Mr. Pearkes: Mr. Chairman, just before the house rose last night the Leader of the Opposition asked for some information regarding the procedures which had been followed to enable the government to reach a decision as to the plane which would be selected to re-equip certain squadrons of the air division of the R.C.A.F. in Europe. I explained briefly last night the procedure and the methods which had been followed. I should like to repeat that today and elaborate a little so as to give the Leader of the Opposition all the information I have at my disposal.

It will be recalled that the F-86 had been in operation in Europe for some time, and it was therefore becoming obvious that sooner or later this aircraft would have to be replaced. About a year and a half ago a committee of experts in the R.C.A.F. was set up to investigate the various alternative planes which were then in existence or which were even on the drawing boards at that time.

That committee of experts has been carrying out examinations ever since that date. It has been a continuous exercise in which every possible endeavour has been made to ascertain the most suitable aircraft to be employed by the air force. Of course a final decision could not be reached until early this year, when the exact role which the air force would be required to carry out in Europe became clearer.

The committee of experts repeatedly reported to the chief of the air staff, who kept personally conversant with every examination and test made. The chief of the air staff kept me informed periodically as these examinations and evaluations were continued. He also kept the chiefs of staff committee informed of their progress.

Gradually certain types of aircraft were eliminated by the R.C.A.F. because they did not meet the operational requirements which were set out. All examinations made by the R.C.A.F. experts were based purely on military and operational grounds. As the R.C.A.F. was reaching a conclusion, meetings of the chiefs of staff were held almost daily on this matter so there could be combined recommendations made by the chiefs of staff committee.

Subsequently those recommendations were submitted to the cabinet defence committee. When they were submitted to the cabinet defence committee, and in fact before they had been submitted, the closest touch was maintained with the officials of the Department of Defence Production; and while the recommendations from my department were based entirely on military and operational grounds, the Department of Defence Production officials also took into consideration the various matters connected with the production of these types of aircraft, the way in which they could be produced here in Canada, and went into details regarding costs, etc., of the different types which were under examination. Finally, after the cabinet defence committee was prepared to make a recommendation to cabinet as a whole, the matter was considered by cabinet as a whole.

It might be of some interest to hon. members opposite to know some of the types of aircraft which were examined. I will just mention a few of them. Actually nearly 20 or more types of aircraft were given an examination of some kind or another, but

some of the principal ones which were given an exhaustive examination were the F-102 Convair, the F11-1F Super Tiger Grumman, the Blackburn NA-39 and the Blackburn 109, the Northrop 156, the McDonnell F-4H and the McDonnell F-101C, the Lockheed 104, the French Mirage made by Marcel Dassault, the Republic 105, the A-IIIJ North American and the CF-100 and F-86 to see whether they could be converted to the role.

Among the criteria which were set out in order to enable a just assessment to be made was suitability to the role which was given to us when General Norstad visited Ottawa a few weeks ago. Of course the serviceability of the aircraft had to be given high consideration, and the availability; when could this aircraft come into service? Then on the economic side, the cost and the amount of work which might be provided in Canada had to be considered. Could these planes be manufactured under licence or would they have to be bought outright? There was the question of production sharing, how much work could be carried out in Canada on other projects which were being carried out by some of these companies. Would they share the production with our own industry in making parts for some of the aircraft which might be used by the United States air force or by civilian operations?

In fact I can say that the decision was based on military, operational and economic grounds. A question was asked yesterday, could not a larger type of aircraft—mind you, the size of the aircraft governs the cost—have been used in fewer numbers than a smaller aircraft which would, for each copy, cost less than a larger one? It was emphatically stated that from the military and operational requirements point of view those requirements could not be met with a fewer number of aircraft. In fact, for a strike reconnaissance role rather small aircraft are preferred.

I believe this gives some indication of the extended and exhaustive studies which were made. Yesterday we were told we should have reached this decision months ago. Why was this decision not taken last December? No sooner had we been accused of being dilatory in that respect than we were told we had selected the wrong aircraft. I can assure hon. members that this government does not apologize for having taken considerable time to make a thorough examination so as to be certain that the taxpayers' money was being spent to the best advantage. As a result of this prolonged examination the cabinet did come to the conclusion that they would re-equip the air division with the Lockheed 104G, the "G" being the mark of that particular series or family of aircraft. I am satisfied that the taxpayers' money is being spent to the best advantage by the purchase of this particular aircraft.

This is a proven aricraft. It is supersonic. It is a small aircraft with a very high performance. It can also be refueled in the air, so it could be deployed in Europe or in any other part of the world in order to carry out its strike reconnaissance role. There are various types of this family of aircraft already in operation. They are in operation with the United States air force on this continent, in Europe, in Turkey and in the Far East. I emphasize the fact that they are in operation in Europe and the commander in chief of the European forces, General Norstad, has expressed satisfaction with this type of aircraft, and has indicated to this government that the re-equipment of the air division squadrons with the "G" variety of the 104 will be entirely acceptable to him.

The other day in speaking here I mentioned that it has been noted that the Federal Republic of Germany is also re-equipping its squadrons, which today are equipped with the same aircraft as our squadrons, the F-86, with this F-104G for a strike reconnaissance role. As a matter of fact we have been in close consultation with the Germans for a number of months on this matter. We have had teams of the R.C.A.F. in Europe in order to find out how the independent assessment made by the Germans was progressing, and which aircraft they were going to accept. It would be interesting, I think, to hon. members to learn that as late as March 31 a contract was signed between the government of the Federal Republic of Germany and the company concerned for the acquisition of a number of these aircraft. Even more recently, only last week, we had officers of the R.C.A.F. in Paris conferring with their German colleagues, and the latter expressed satisfaction that the German air force had in this particular aircraft.

Now, of course, the advocates of other types of aircraft will naturally belittle the type which has been successful. An unsuccesful competitor will naturally feel disappointed that he has not received an order. I might say that for months I have been subjected, as have the officers of the R.C.A.F. and the Minister of Defence Production, to daily visits from the representatives of these various companies. They have enlarged upon the benefits of their own particular aircraft. I have at all times endeavoured to take a detached point of view in order not to be prejudiced in favour of one or the other type of aircraft. I have listened patiently to all their representations. These have been recorded; they have been examined again and

again by the officials of my department and the officials of the Department of Defence Production.

I must say some of the statements made by the hon. member for Trinity yesterday were exactly the same as some of the statements which have been made in my office. But we had the facilities for testing the accuracy of those statements, and they have been tested.

Mr. Hellyer: It is too bad you did not use them.

Mr. Pearkes: I am quite certain that no matter what plane this government had selected for re-equipping this air division, because of the variety of excellent planes I have already mentioned today the opposition would have chosen some other one. It would not have mattered in the least what plane we would have taken, they would have chosen some other plane—

Mr. Hellyer: Mr. Chairman, on a question of privilege—

Mr. Pearkes: —and would have bedevilled us.

The Deputy Chairman: Order. I understand the hon. member is rising on a question of privilege.

Mr. Hellyer: That is quite correct, Mr. Chairman. The statement the minister has just made is without any foundation whatsoever.

Mr. Drysdale: What is your question of privilege?

Mr. Hellyer: There are other planes which this government could have chosen.

The Deputy Chairman: Order. The hon. member is just making a contradiction. That is not a question of privilege.

Mr. Hellyer: Mr. Chairman, the minister made the allegation that no matter what plane the government chose we would have said they should have chosen some other. That is not so. It is a reflection on the integrity of the opposition, and it should not be allowed to stand on the record.

The Deputy Chairman: Will the hon. member please take his seat. It is a question of argument, not a question of privilege, in my opinion.

Mr. Pearkes: Yes, Mr. Chairman, I made that statement. It is a statement of fact. Naturally the opposition would have done that; they would have chosen some other plane and advocated, just exactly as the representatives of the various companies advocated, the strong points of the other one. You can take your choice. These are all good planes. They have certain characteristics which are or are not capable of meeting the military requirements or the economic requirements. These have, as I say, been thoroughly examined and tested during the past few months.

We have also considered how quickly pilots who were accustomed to operating the F-86 could be trained to operate a new plane which was acceptable. That has been shown, and our pilots have already flown the F-104, not the 104-G but the other models of this aircraft. They have already flown it and they have demonstrated their ability to change very quickly from flying the Sabre jet, the F-86, to flying the 104.

With respect to some of the utterly erroneous, exaggerated and irresponsible statements made by the hon. member for Trinity, I would like to call attention to some of these facts. He says this aircraft was grounded two years ago. Has not practically every aircraft which is in operation today been grounded at some time or other? I recall that the Comet II was grounded a number of years ago for a very long period. Is the hon. member going to stand up and say that the Comet IV of today, which is regarded as the best aircraft of its type anywhere in the world, because a previous mark or type of that aircraft was grounded a few years ago, is of no ruddy use?

Mr. Hellyer: I did not say that.

Mr. Pearkes: I know you did not; you said that about the other plane, but for exactly the same reason—

Mr. Hellyer: I said that the faults had now likely been corrected.

Mr. Pearkes: Of course you did.

Mr. Hellyer: Of course I did.

Mr. Pearkes: But you said, as one of the reasons that the 104-G was no ruddy use, that it had been grounded two years ago.

Mr. Hellyer: I did not say it was one of the reasons.

Mr. Pearkes: Then the hon. member went on discussing at considerable length the qualities of the original 104. The original 104 was designed, as he said correctly, for the purpose of aerial combat. It attained great distinction in being able to fly at great height, and was regarded as one of the superior aircraft of that period for its particular mission at that time. But that is not the plane we are getting. We are getting the advanced edition of that particular family of aircraft, one which is having special characteristics introduced into its

framework and over-all picture in order that it can carry out the attack reconnaissance plan.

The hon. member did say that the faults which had been discovered during the period of development and in the early operational stages have now been corrected. We are taking advantage of the fact that this aircraft has been proved. We are not in the position of having to pay large sums of money for the development of this aircraft, or to wait for a number of years until it has been thoroughly tested. It is a tested and proven aircraft, stable in frame and absolutely operational, sound for the role for which it is designed.

Then the hon. member referred to the fatality rate and the accident rate. In my office I heard the same figures quoted that the hon. member mentioned, and then I call attention to the fact that fatality and accident rates are never released by any government. We never release any fatality percentages or rates, nor does the United States. These were figures which were given—

Mr. Pearson: May I ask the minister whether he has read the hearings before the congressional defence committee on this particular point of fatality rates?

Mr. Pearkes: These fatality rates, as I say, are not released officially.

Mr. Hellyer: Is the minister saying that the Americans do not under any circumstances release fatality rates?

Mr. Pearkes: I am saying that the Americans do not release officially the fatality rates or accident rates as between different types of aircraft.

Mr. Hellyer: You do not release them.

Mr. Pearkes: The figures may be expressed by individual officers, but there is no official statement on that matter.

Mr. Hellyer: Pretty official from the men who fly them.

Mr. Pearkes: It may be pretty official in the hon. member's eyes. Judging by the utterly irresponsible statements the hon. member was making yesterday I think he would believe that anything which is in print is official in that regard.

Mr. Hellyer: We will see who is irresponsible.

Mr. Pearson: We will give you the rates.

Mr. Pearkes: I can say without any fear of contradiction by anybody who has the facts that the accident rate, even in the early days of the first 104, was not abnormal. You cannot fly aircraft without having casualties; there are bound to be casualties, but it is quite wrong to suggest that this aircraft is not airworthy and has any higher accident rate than other aircraft. Therefore I repeat, the statements which were made last night were inaccurate, they were misleading and were stated without any real sense of responsibility. They are purely hearsay evidence by prejudiced personnel.

In closing, I do not think I can do better than refer to a very well-known book, which I am sure all hon. members here have read. I refer to "Pilgrim's Progress". It may be remembered that when Mr. Valiant for Truth was nearly reaching the celestial city he met three men, one of whose name was Wildhead, who approached him and endeavoured to persuade him not to proceed by telling him of the terrible dangers and difficulties which he exaggerated, and he urged him to turn back. Then you will probably recall that Mr. Valiant for Truth remarked about this adventure in these words:

> Who so beset him round
> With dismal stories,
> Do but themselves confound.

I think the dismal stories which were advanced last night by the hon. member for Trinity have utterly confounded him in the eyes of all those who know what they are talking about.

Mr. Pearson: Mr. Chairman, the minister no doubt thinks that by his quotation from "Pilgrim's Progress" he has knocked the stuffing out of our case, that perhaps some questioning in regard to this decision of the government is required. We on this side do not question the detachment or the desire of the minister to make the right decision, and we do not question his right to insist that this was the right decision and was the best plane; that the other planes were inferior and this was the right one. Therefore I should think he would want to show us the same consideration when we do question the possibility of this being the right decision. It is our duty and it is our right to criticize him, and I hope we can do so without the minister imputing motives to us of the kind he has already suggested.

We will have a good many questions to ask the minister, and by his replies he may be able to show that this is undoubtedly the best plane, the most economical plane and the best in every way; but we are going to ask him these questions and we will expect the detailed information in reply to those questions which will, at least in his view, confirm the decision he has made.

Before we begin to ask these questions of detail regarding capability, performance and

all that kind of thing, I would like to make some more general observations and ask him some more general questions which will provide the foundation, I hope, for the subsequent questions. I would ask the minister if he could explain in some detail, because it is a very important matter, the nature of the new role that is now being undertaken by part of the Canadian air division attached to the NATO forces in Europe. It is a new role; it is bound to be a difficult role, a role of responsibility. Perhaps it is a new departure in our participation in NATO military activity in Europe, and I think the committee would like to know something about it.

The minister has called it a strike reconnaissance role. He has also, I think, referred to it, or it has been referred to, as a strike attack role. We would like to know exactly what this change involves as far as the remaining squadrons—I think four CF-100 squadrons, although I may be wrong in that figure—are concerned. The minister said last night that they will continue the role they have been performing in Europe. Perhaps the minister will explain to us how they will be able to carry out that role in the future. They will no doubt be functionally detached from the new squadrons and will be carrying out the old role in new conditions of capability of attack. But we are more interested at the moment in the picture of the new strike attack or new strike reconnaissance role and what it involves for the R.C.A.F.

We are also interested, as I know the committee will be, in the conditions under which this new NATO role will have to be carried out. I understand, and the minister will correct me if I am wrong, that the headquarters of six of the twelve R.C.A.F. squadrons are located in France; the others are in Germany. I believe it is the case, and again the minister will correct me if I am wrong, that France has not seen fit to integrate her own air forces with the NATO forces under NATO command. Also, France in the exercise of her sovereign rights has not found it possible to facilitate certain plans of the United States as part of European NATO forces for the storage and use of nuclear weapons which the United States consider to be an indispensable part of the NATO forces and which indeed, as was pointed out yesterday, General Norstad has said is the capability on which all NATO planning and tactics are now based.

As a result of this stand taken at the present time by France—perhaps France may reverse her decision—the United States air forces contemplate leaving the NATO air fields in France for other sites where these difficulties will not be encountered. Therefore the minister might tell the committee in some greater detail than he did when I asked him a question about this the other day what will happen if the United States feels it must make that decision. I suppose the result would be that the only foreign squadrons—by "foreign" I mean non-French squadrons—left in France would be those of the R.C.A.F. I believe it is also true that at the present time the Canadian air units depend for their logistics and their supply on the United States military pipe line. They get their ammunition, their aviation fuel and their rations through that United States pipe line.

Therefore I ask, because I think the question is particularly pertinent at this time when we are contemplating the re-equipment of Canadian air squadrons in France, how these squadrons could be maintained economically if all this was cut off, quite apart from the fact, although this is not strictly relevant to this particular question but perhaps I might mention it, that this whole system of NATO infrastructure will be very seriously affected, communications, the oil pipe line and all the rest of it, if the United States squadrons feel that they have to leave France. Surely this is an important thing to know before we discuss in detail the nature of the decision reached by the government to re-equip these squadrons, and perhaps the minister would be good enough at this time to deal with these two somewhat background subjects.

Mr. Pearkes: First of all, dealing with the new role, it is that of strike reconnaissance. I explained in some detail when I was speaking the day before yesterday what that role was. I pointed out how the Russian ground troops are in considerable numbers along the Russian border and in satellite countries. If the Russians started a war those troops would very likely move through to overrun the countries of western Europe.

It is desirable in the first place to have reconnaissance aircraft which are fast and able to get information as to the movement of columns so those columns can be engaged either by those aircraft or by other means at the disposal of the commander; for instance, by missiles such as the Lacrosse which we will have in our own brigades in the not far distant future. I think that is a fairly obvious role. It is necessary to have this reconnaissance work carried out; and it is essential, now that the means of engaging aircraft have been made more effective, that these planes be small and fast.

In addition there might be targets of opportunity. One might find that there would be a moving column of armoured fighting vehicles. It would be difficult to attack such

a column with missiles because it would be moving; it would be much easier to use missiles against ground and stationary targets such as airfields. So in addition to the reconnaissance role which would be performed by this aircraft it would also have the power to attack targets of opportunity as they arose.

If we were to go one step further and take a longer view, this is all part of the contribution to the deterrent which makes it quite obvious to the Russians that it is not worth while launching their attack through western Europe because we have the means of locating and attacking their columns if they advance; and if we are equipped with the latest weapons of attack, the destruction to advancing columns might be very, very heavy. So it is as part of our western deterrent, part of our endeavour to preserve the peace, that we are equipping these aircraft and having them prepared for this new role.

Mr. Pearson: Before the minister leaves that point, may I ask him whether it is part of his argument—and I think he has just said this; perhaps he would elaborate on it—that missiles are less effective against moving targets than this type of strike reconnaissance plane?

Mr. Pearkes: I think my words were that it might be more difficult for missiles to attack a moving target. Obviously there is more flexibility with aircraft than there is with a missile in its present state of development, when it is designed as a ground to ground weapon.

Regarding the maintenance of the squadrons which are in France, it is perfectly correct that at the present time we have the headquarters of the air division and six squadrons located on French soil. The other six squadrons are located on German soil. There are alternate air fields selected for these squadrons so that in a period of operations or in an emergency these squadrons could be moved to a different air field. It would not be a very difficult matter if it were found necessary, in the hypothetical situation which the Leader of the Opposition presented, to move the six squadrons which are in France to German air fields and double up there or occupy other alternate fields; or it might be necessary to move them somewhere else.

So far as we know at the present time however, it would be the intention of the Americans to maintain their pipe line to their French bases. The bases will probably remain, and there are other aircraft of the United States air force in France which would not be equipped with nuclear weapons. So that at the present time, while we are looking into the various possibilities and thinking about this matter, no firm decision has been reached as to what would be necessary, and it is not necessary to make a firm decision until we know exactly what course will be taken by the French government and by the United States.

Mr. Pearson: Perhaps I might complete that part of my question by saying I devoutly hope, as I am sure the minister does, that this contingency will never arise and that the French and United States governments may be able to solve their difficulties with regard to this important problem of the control of NATO atomic weapons. But I assume that if the difficulty does arise and the United States has to make arrangements to take most of its squadrons out of France, the Canadian squadrons could if necessary, be moved to other air fields; or, if they were kept in France, they would still be on a United States pipe line even though it might be a little more difficult and expensive than the present arrangement.

Mr. Pearkes: That is correct. No decision has been reached, nor could it be reached, to move them at the present time. I think it would be most undesirable to move them now, because I share the hope expressed by the Leader of the Opposition that the two governments principally concerned will be able to reach a satisfactory agreement.

Mr. Hellyer: I wonder if the minister would be good enough to let the committee know whether the Lockheed F-104 was in fact the plane he recommended as his selection to the cabinet defence committee.

Mr. Pearkes: Mr. Chairman, I cannot disclose, and I do not intend to disclose, the discussions which took place in the cabinet defence committee, and I am not going to say whether I recommended it or whether anybody else recommended another plane. The matter was thoroughly discussed, and on military, operational and economic grounds the selection was made. It was a cabinet decision. Naturally all members of the cabinet thoroughly endorsed that decision.

Mr. Pearson: May I ask the minister whether the chiefs of staff recommended more than one plane to the cabinet defence committee.

Mr. Pearkes: The chiefs of staff made an appraisal of the value of several planes, and the pros and cons were considered by them with respect to each of the different types and they made a recommendation.

Mr. Hellyer: Could the minister tell us if in that evaluation the chiefs of staff gave a priority on the basis of their rating?

Mr. Pearkes: I think it is a time-honoured policy which has been followed by this and the preceding government that the recommendations of the servants of the government are not disclosed in public. I do not think it is right to ask me to say whether the chiefs of staff recommended this or that plane. If I were to say today that the chiefs of staff did recommend a certain plane it may be that at some future time the government would have to take a decision which was not entirely compatible with the recommendations of the chiefs of staff. The opposition would then say, "Well, you did say that the chiefs of staff made this recommendation," and we might be in a difficult position. I say that the military and economic information was placed before the cabinet and that the decision of the government was based on military and economic grounds.

Mr. Hellyer: Mr. Chairman, I did not ask the minister to tell me which plane the chiefs of staff committee recommended. I merely asked if they had given a priority, one over the other, on the basis of their evaluation. It may be a time-honoured custom not to make public the recommendations of governmental advisors, and that is probably an excellent principle which has long been held, but it is an equally time-honoured and a most important proviso that ministers of the crown, when asking for sums of money from the public purse in such astronomical amounts as $1.7 billion, should give this committee enough information on which to make an intelligent decision. That the minister is not doing.

Mr. Pearkes: I am quite prepared to go this far. I can tell the committee that the chiefs of staff did make a firm recommendation for a certain plane.

Mr. Pearson: Mr. Chairman, the minister has laid down a principle to which I certainly take no exception; that civil servants, whether they are military or civil, should not be brought into parliamentary discussions as justification for any action of the government one way or the other. That is a principle which has not been invariably observed in the last year or so. I would mention to the minister that earlier in this session the Prime Minister quoted a recommendation, or an approval or decision, of the chiefs of staff as justification for certain actions being taken by the government.

Mr. Hellyer: Mr. Chairman, I wonder if the minister would give the committee for its information the number of hours that each of the following planes was flown by R.C.A.F. pilots for evaluation purposes. Perhaps the minister would like to make a note of the planes:

French Mirage
Grumman Super Tiger F-11-F
Blackburn NA-39
Northrop 156-F (or any other mark)
Lockheed F-104G
Republic F-105

Mr. Pearkes: Obviously, Mr. Chairman, I would not have that information readily available, and it will have to be acquired.

Mr. Pearson: Mr. Chairman, the minister said that one consideration—and I am sure it was an important one in the minds of the government in this decision—was the availability of the aircraft in question. Can he inform the committee whether other aircraft under consideration were equally available as the one that was quoted?

Mr. Pearkes: Yes, Mr. Chairman, some could have been purchased outright.

Mr. Hellyer: I wonder if the minister could tell us the maximum climbing incidence for the F-104?

Mr. Pearkes: These are technical details which are considered classified regarding aircraft, and it is unreasonable to expect me to disclose here in public all the technical details regarding aircraft we are acquiring in order, if necessary, to fight the battle for the defence of Canada and of the west. Surely if we give all these technical details to a potential enemy his task is simplified. I do not think I should be called upon to answer such questions.

Mr. Pearson: Mr. Chairman, I understand that the NATO military authorities had what I could perhaps call a competition, though that may not be exactly the right word, to decide on a suitable strike fighter for NATO use in what was, I think, a most praiseworthy effort to agree that there should be one plane for this purpose only, and that as a result of this examination or competition, or whatever you wish to call it, the NATO military authorities chose a Fiat designed strike fighter as the best developed yet for this purpose.

I believe the minister said this plane was considered. If it was, would he tell us what efforts were made to test its capabilities and why, when it was considered by NATO as the best strike fighter designed for that purpose, it was not possible to go along with that decision? There were United States planes considered by NATO at that time when agreement was sought to be reached in NATO concerning the best strike fighter available for NATO use.

Mr. Pearkes: Yes, Mr. Chairman, efforts have been made over many years to standardize the various types of equipment which are used by our NATO partners. No one can claim that those efforts have been very successful. There are conflicts between the different nations, making it extremely difficult for one type of equipment to be accepted by all nations.

The type of aircraft to which the Leader of the Opposition referred was the G-91. That was an aircraft for the direct support of troops. It had a role different from that which is being given to the squadrons of the R.C.A.F. in their strike reconnaissance. It was designed for direct tactical support of ground troops.

Mr. Pearson: Perhaps this is a matter of semantics, but this plane is always referred to as a strike fighter. We talk about the present F-104 as a strike fighter and reconnaissance plane. I take it then that the roles of these two planes are quite different in the NATO organization?

Mr. Pearkes: That is my understanding. They have two different roles.

Mr. Pearson: In order to confirm the statement I made earlier I wish to say this. When the minister said we should not ask him whether the chiefs of staff recommended this or that, or whether they made recommendations, I recall that on February 23, 1959, in discussing the CF-105 the Prime Minister quoted the advice of the chiefs of staff and their view that this aircraft to all intents would be obsolete by the time it became available for squadron services as the reason for the government making the decision it did.

Mr. Pearkes: If the Prime Minister thinks it is advisable in certain particular cases to make such a statement, that is his prerogative.

Mr. Hellyer: Mr. Chairman, the Minister of National Defence, in commenting on my remarks last night, has reflected on my motives and my integrity in putting them forward. I attempted to raise a question of privilege, but without success. I state now categorically that I have no motive whatsoever in putting them forward except to see that Canadian taxpayers shall get the best value for their dollars, and that if R.C.A.F. airmen are going to be stationed in Europe to help protect us in a hostile world they shall have the best possible equipment available.

The minister started his rebuttal by saying that all the information was at his disposal, and that he had a committee of experts of the Royal Canadian Air Force who had been working for months on the problem of selecting a new plane to re-equip the air division. He later went on to list some of the major choices among the 20 that were evaluated by the Royal Canadian Air Force. Yet when we asked him this morning how many hours each of these planes was flown by R.C.A.F. pilots he is not able to give that information off the cuff and does not have it in the records before him.

I wonder whether he has any other information on the evaluation which he can give us. Surely there is something not classified that he can tell the committee which at least would be partially reassuring to us. He told us that early this year it became clear what role the R.C.A.F. air division would be called upon to play, and apparently at that time the R.C.A.F. experts were able to weed out from the long list of planes they had been examining all those which were not designed or fitted for the strike reconnaissance role, and from that time forward all they had to do was concentrate on those planes which were particularly suited, through design or modification, as strike reconnaissance aircraft.

He told us that the chief of the air staff was kept fully informed by the evaluation teams. We are sure that is the case, and we would expect that the minister would be kept fully informed by the chief of the air staff. What we have not received any assurance on whatsoever is that either the advice of the chief of the air staff or the advice of the minister was taken by the government.

He told us that the R.C.A.F. evaluation was based on purely military and operational grounds, as of course it would be, and that a recommendation was finally made to cabinet defence committee. But, of course, that is classified information. We cannot find out what was the recommendation of the chiefs of staff committee. We have no indication whatsoever whether it was the first priority, second, third, fifth or sixth. Finally the minister told us that recommendations were made by the cabinet defence committee to the cabinet. Perhaps the minister would tell the committee if it is true that the decision was just made on Wednesday, the day before this debate began, or whether it was taken earlier.

We are informed that the Department of Defence Production went into the details of production, cost sharing, etc. When Right Hon. C. D. Howe was minister of defence production he always took the view that when the Royal Canadian Air Force or the Department of National Defence set the specifications for the equipment they required and told defence production which piece of

military equipment they wanted, then the only role of defence production was to go out and get it. As a matter of fact, once Right Hon. C. D. Howe told the house facetiously that if the Department of National Defence put in a request for a gold plated piano he would have no recourse but to go out and buy it. Yet we are told today and expected to believe that the Department of National Defence went to the Department of Defence Production hat in hand and said, "We would like an airplane. Here is a whole list of airplanes. Which one would you like to buy for us?" How can that be called a military decision? How can that be called a decision based on the interests of the fighting men in Europe who have the responsibility of protecting life and limb for Canadians and all the people of the western world?

Then we are told by the minister that this plane is suited for the role, that its serviceability was a high consideration and also its availability. Let us consider some of the facets of this plane. Let us consider its suitability for the role. I told the committee last night that this plane was designed as a high altitude air superiority fighter, and the minister has not denied that fact this morning.

Mr. Pearkes: That was the original type, not the plane we are getting now. The plane we are getting now was never designed for that purpose.

Mr. Hellyer: I wonder whether the minister would tell us exactly what the differences are between the original type and the type we are going to get. The minister and the committee should well know that you cannot have a plane which is designed to fill properly these two roles, high altitude air superiority fighting and low altitude reconnaissance and strike fighting.

Mr. Pearkes: I have said that.

Mr. Hellyer: You cannot design a high speed truck for highway use which is any good to you in the mud. Similarly you cannot take a mudder, put it on the highway and expect to get any speed out of it. It is precisely the same thing with aircraft. You cannot design an aircraft which works equally well at high altitudes and low altitudes. Certainly the R.C.A.F. knows that, certainly the defence department knows that, but perhaps the cabinet and cabinet defence committee do not know it.

Mr. Pearkes: What utter nonsence you are talking. There are two planes.

Mr. Hellyer: Just wait until I am finished you can answer then. This aircraft has one of the smallest wing areas and one of the smallest and thinnest wings of any aircraft in use today. What is the United States evaluation of it. The United States put in an order for 700 planes and later reduced it to 300. The United States are using them at the present time, but the only reason they are using them is that they have got them. If they had to order again they would not order them.

Mr. Horner (Jasper-Edson): How do you know? Substantiate these things.

Mr. Hellyer: The minister has made no effort to give us any information which would substantiate the government's decision.

Some hon. Members: Oh, oh.

Mr. Hellyer: I am trying to give you some facts and you will not even listen. This plane, as I told the committee last night, has an engine which at the present time is the least reliable among the planes of the United States air force inventory. Consider this, Mr. Chairman. At high altitudes, of course, it does not make any difference, and the Lockheed Corporation boasts that the engine is almost powerful enough to pick the plane up without wings and hurtle it into the air. After you get to 50,000 or 60,000 feet, where it was designed to operate, what difference does it make whether your engine conks out when you can press a button, out you will go, your parachute will open and you will drift silently and gently down to somewhere? Consider, however, the strike reconnaissance role of an aircraft hurtling through the air at low altitudes of a few hundred or a few thousand feet when the engine ceases to function. The pilot has no time whatever to do any thinking. This aircraft, which has very small and very thin wings, under those circumstances will just plummet to the ground like a dead pigeon.

An hon. Member: Just like your argument.

Mr. Hellyer: It is among the most impractical of all aircraft to operate at low altitudes where there is high air density.

Then the minister went on to talk about the economic side. Before we leave the evaluation of this aircraft, I may say that we took from what the minister told us this morning that it had been considered by the R.C.A.F. experts all along. Let us check back on some of the records available. First of all, Mr. Chairman, here is a clipping dated May 20 of this year. It is from the *Globe and Mail* and was written by their Ottawa

bureau. It is talking about the new role of the R.C.A.F. in Europe as a strike attack force. It says:

> Latest entry for consideration by the government as the aircraft with which to re-equip Canada's air division overseas is the French Mirage mark III—a single seater, delta-winged jet which flies at twice the speed of sound and can work as an interceptor or strike attack aircraft.

The article goes on to talk about the Dassault Company which manufactures this plane. Later in the same article there is this statement:

> Other aircraft being considered by the government include the British Blackburn NA-39, the Grumman Super Tiger and the Northrop 156. This latter aircraft, cheapest of the group, is not highly regarded by the R.C.A.F. which also has suggested the Blackburn is too slow for post-1960 conditions.

This is May 20, and there is no mention whatever of the Lockheed 104 as a possibility for the Royal Canadian Air Force.

Mr. Hamilton (Notre Dame de Grace): No mention in that particular press story.

Mr. Hellyer: I beg your pardon?

Mr. Hamilton (Notre Dame de Grace): No mention in that particular press story.

Mr. Hellyer: That is right.

Mr. Hamilton (Notre Dame de Grace): You are basing your argument on newspaper stories.

Mr. Hellyer: Not on that story alone and certainly not to the extent the Prime Minister did in connection with Avro, when he used a whole series of press clippings; government by press clipping. In an article on May 14 headed "New Fighter for Avro", in the Toronto *Daily Star*, we find this:

> A new plan for joint production by the A. V. Roe Company of a U.S. designed strike-attack interceptor—the Republic F-159D—to re-equip U.S. and Canadian fighter squadrons in Europe has been put before the Canadian government.

The article goes on to talk about the possibility of production sharing for that aircraft, but makes no mention whatever of the F-104. They never heard of it for this role. Then the following night the Toronto evening *Telegram*, the government's chosen mouthpiece in Toronto, which has its own direct pipe line to the cabinet, in an editorial entitled "Planes for NATO Force"—

Mr. Pearkes: I must correct that statement, Mr. Chairman. No newspaper in Canada has its own pipe line to the Canadian cabinet.

Mr. Pearson: How naive do you think we are?

Mr. Hellyer: I do not think that interjection deserves any comment. This newspaper, which as I said is the government's organ in the city of Toronto had this to say in talking about the air division:

> The choice, if made, could be between a British jet plane, the Blackburn NA-39, and an American plane, the Republic Thunderchief 105-D. Inclusion of the Thunderchief represents a new factor in the R.C.A.F.'s and the government's problem.

There is no mention whatever of the F-104 as a possibility. Another article which was a bit earlier, March 4, in the Toronto *Star*, says:

> The new hope for Avro stems from the decision by R.C.A.F. planners that the U.S. Grumman Super Tiger, a 1,500 mile per hour ground attack plane, is the best plane to replace the aging Sabres now used by eight of the twelve R.C.A.F. squadrons in the air division in Europe.
>
> The R.C.A.F. recommendation in favour of the Super Tiger is now before the federal cabinet and there is a strong possibility the government may approve it.

Further along the article also says:

> At Bethpage, Long Island, a spokesman for the Grumman Aircraft Engineering Company said today in an interview that his firm expects to hear of a Canadian decision within a month.

This, Mr. Chairman, was on March 4 that he expected a government decision within a month, yet the decision was just announced this week choosing an aircraft which had not been mentioned during all these months. It would not be possible that the aircraft could have been considered during all these months or it would have been included in the newspaper stories because these newsmen have access, through all sorts of channels, to information that even the members of the house do not have.

Mr. Pearkes: I stated categorically that this aircraft had been under examination for a year and a half.

Mr. Hellyer: The minister has just compounded confusion by saying that this plane had been under consideration for a year and a half, yet he told us a few minutes ago that it was not until the end of last year that he knew what the role of the R.C.A.F. fighter division would be. If it was considered for a year and a half, it was considered as a day air superiority fighter and naturally would have been under consideration in that regard, but not as a strike reconnaissance plane. This is the reason it is not mentioned in any of these articles which have appeared in the press from time to time.

Here is an article which appeared on May 14, 1959 in the *Globe and Mail*, a newspaper which is not usually unfriendly to Conservative governments. The article refers to a visit here by General Norstad, the supreme commander in Europe of the North Atlantic Treaty Organization. There is mention of

a luncheon in Toronto and then of the decisions which the government would have to make. It says these are:

1. Whether to equip the Canadian brigade group in Europe with nuclear weapons.
2. Whether to change the role of the R.C.A.F. squadrons in Europe from interception to that of strike attack and tactical ground support. This would mean re-equipping most or all of the 12 squadrons with between 200 and 300 new strike attack aircraft, at a cost ranging between $200 million and $400 million.

Of the two issues, the future of the air division in Europe is considered the more pressing largely because a negative decision on the part of the government would virtually put the R.C.A.F. out of business in a few years time.

The article goes on to say:

R.C.A.F. evaluation teams have been visiting aircraft plants in the United States and Britain since last fall in a search for an aircraft to replace the Sabre in Europe. Recommendations were submitted to the government about two months ago, listing at least three aircraft in order of R.C.A.F. preference:

1. The Grumman F11F, or Super Tiger, to be produced by the Grumman Aircraft Company at Long Island, N.Y. This is a low-level attack aircraft, originally designed for aircraft carrier use, which could be modified to carry the radar needed for high level interception work as well.
2. The Blackburn NA-39, a naval aircraft built by the Blackburn and General Aircraft Company in Yorkshire, England. R.C.A.F. reservations about this aeroplane are understood to be that it is somewhat slower than its competitors.
3. The Northrop N-156F, built by the Northrop International Aircraft Company at Hawthorne, California. Its main advantage appears to be its cost—about $1 million complete against just under $2 million for the Super Tiger.

All three aircraft, it is understood, could be built in Canada under licence—

Then later in the article we find this:

Another proposal, however, developed only last month as a result of negotiations between Avro and the Republic Aircraft Corporation at Farmingdale, New York.

The proposal, as laid before defence minister Pearkes, defence production minister O'Hurley and Prime Minister Diefenbaker, was that if Canada would order Republic's new strike attack interceptor, the F-105D Thunderchief, for the air division in Europe, Republic would supply Avro with certain tooling at nominal cost, would agree to Avro making most of the airplane at Malton, and would also buy Avro-produced components for Republic's production of Thunderchiefs for U.S. air force requirements.

The article continues, Mr. Chairman, but there is no mention whatever of the F-104 Lockheed day fighter and air superiority fighter. It is not until just recently, Mr. Chairman, that we have any mention of the Lockheed at all; not until June 23, 1959 when the lobbying starts on parliament hill, that we hear of the Lockheed 104. In late June, months after other possibilities had been mentioned frequently—and I have here an article from the Ottawa *Journal* written by Dave McIntosh, entitled "U.S. Plane Builders Converge on 'hill'"—the real lobby begins. The article states:

The firms include Lockheed, Grumman, McDonnell, Northrop, Republic and the Convair division of General Dynamics.

Far from all these top-wheels in the aircraft business get to see a cabinet minister.

If they are extremely lucky—and this requires careful sounding out in advance through junior officials—they get in to see Prime Minister Diefenbaker.

At the same time, Mr. Chairman, members of parliament and the Canadian people begin to get in on the Lockheed Aircraft Corporation lobby. My, Mr. Chairman, you will never know the pressure that was put up by that corporation. They have sent to members of parliament copies of advertisements they have run in Canadian periodicals for the purpose of influencing both government members and the public at large. Here is a picture of the F-104 with its dainty gossamer wings, and below it are some statements about it which are not factual; they are misleading in many respects.

Mr. Morton: Will the hon. member permit a question? Can he tell us to which members of parliament these advertisements were sent?

Mr. Hellyer: I do not know.

Mr. Morton: I have not seen any.

Mr. Hellyer: I got one with a note asking me to phone them if I had any questions.

Mr. Pearson: They sent them out by the hundreds.

An hon. Member: Did you ask for them?

Mr. Hellyer: I did not ask anyone, they were quite gratuituous.

Mr. Pallett: The member for Trinity is the only one who received them.

Mr. Hellyer: In its own flowery description of this aircraft it says:

Lockheed's all-weather, multi-mission Starfighter is the world's outstanding fighter plane. Holder of the world's speed, altitude and seven time-to-climb records, the F-104 was recently purchased by West Germany for their own—and NATO's—use as a fighter-bomber, interceptor, superiority fighter, and advanced reconnaissance plane.

Now, Mr. Chairman, anybody reading this who knows anything about airplanes would stop and say, "This advertisement should be taken out of the paper" on the basis of the proposed new legislation having to do with misleading advertising. The advertisement goes on:

In addition to increased range and flexibility, the F-104 can be deployed to any combat area in the world within twenty-four hours. It is capable of delivering a wide variety of weapons, day or night, in any kind of weather.

That, Mr. Chairman, of course is misleading as well.

I continue:

> Despite this the F-104 is the most economical fighter plane currently available for U.S. defence needs, in terms of initial purchase price and maintenance and operating costs.

How can a plane which has to have its engines changed more often than every 100 hours be the most economical fighter plane to maintain? It just does not make any sense at all. In the minister's own words of a few moments ago, it is nonsense.

The advertisement continues:

> Never before has a single airplane done so many things so well. The F-104's performance and versatility are unmatched by any other operational aircraft, either flying today or programmed for the 1960-65 time period.

If you read the evidence before the United States house appropriations committee, Mr. Chairman, you know this statement is not in accordance with the facts, and I hope the cabinet defence committee did not make its evaluation from reading this advertisement.

> Never before has a single airplane done so many things so well.

This is repudiated categorically by the evidence before the United States appropriation committee.

Mr. Horner (Jasper-Edson): Will the hon. member permit a question? Has he had consultation with those other aircraft firms?

Mr. Hellyer: I shall mention that in just a few moments if the hon. member will contain his soul in patience. I hold in my hand another very classy looking advertisement. This deal, Mr. Chairman, may not have benefited the Canadian taxpayer directly. It may not benefit the R.C.A.F., it may not keep our NATO forces as strong as they should be, but it has been a bit of a bonanza for the newspaper publishers. This advertisement shows a Starfighter flying high with German markings.

Mr. Hanbidge: Are you going to put that in as Exhibit A?

Mr. Hellyer: This is Exhibit B. The next advertisement, Mr. Chairman, is even more subtle. Here Lockheed had their public relations people right on their toes. This lobby was grinding out its effort to secure the Canadian order. It is a picture of the F-104 against the background of a crown, in three different poses, appealing to our sympathy for royalty. How clever; how timely; how subtle can an aircraft lobby be? Then we were told by the minister about the selection by the federal German republic. I hold in my hand a page from the Lockheed *Star*, the official publication of the Lockheed Aircraft Corporation. It says:

> Plans, patience, performance sell Germans.

An hon. Member: What is the date?

Mr. Hellyer: I do not know. There does not seem to be a date on it. If you read this through, Mr. Chairman—and I would suggest that the minister should—you will have some very serious doubts about the way in which the F-104 was evaluated for the German air force. You will see that the impression that was given was that of a prestige weapon. I read this:

> What impressed the Germans most about our fighter?

One executive of the company asked another. The reply was:

> "Low time to mach 2," is Colman's quick reply.

Then, Mr. Chairman, there is something else which is very interesting. The minister told us today we picked this plane because it has been adapted for some new role as a strike fighter, yet here it says:

> Out of talks grew a new idea. The Germans didn't want an of-the-shelf airplane. They wanted an improved model, with more all-weather capabilities, more electronics.

The Deputy Chairman: Order. It is one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Hellyer: Mr. Chairman, at one o'clock I was discussing the choice of the F-104 by the West German government, and I was quoting from the *Lockheed Star*, the paper of the Lockheed aircraft plant, where it describes some of the tests and evaluations made by the German officers before recommending acquisition of the F-104. I would like to quote, if I may, a few paragraphs from it which will give the committee some indication of what characteristics the West German government were looking for. It says:

> This visit earned a return from the Germans in December. We were ready then with our biggest weapon—the F-104 itself—and a set of U.S.A.F. clearances that gave the Germans their first chance to fly a Mach 2 airplane with wings so small they almost doubted it would do all the things we claimed for it.
>
> "And this was the turning point," says Colman. "We took drastic steps this trip that paid off big."

Later, Mr. Chairman, it says:

A pair of F-104's was ferried to Edwards. First on the agenda was a flight and landing demonstration by company pilots.

Grumman was first. The F-11F dropped down in typical carrier-landing fashion. The fighter stopped in an impressively short distance. But a wheel locked and a tire blew in the process, taking the edge off the performance.

And Lou Schalk did even better with the Starfighter. He made a gentle landing, not even using the drag chute, and pulled up neatly with a 455-foot shorter roll.

Then Col. Albert Werner flew the F-104; Maj. Walter Krupinski the F-11F. Object was to race to 50,000 feet.

Col. Werner took the F-104 to 35,000, accelerated to 1122 mph, and nosed up to 50,000 feet. He completed his mission—

The Deputy Chairman: Order. I am sorry to advise the hon. member that his time has expired. Shall the item carry?

Mr. Pearson: Mr. Chairman, I would like to ask the minister just one or two questions. The first is as to whether this particular plane, the F-104G, was recommended to him by these technical and military advisers as the plane most suitable for discharging the new role of the air division in Europe? Perhaps the minister would deal with that question first.

Mr. Pearkes: I think the hon. Leader of the Opposition gave the answer this morning when he said that it was not the policy of the government to express or to declare anything about the advice they receive from their military or civilian chiefs.

Mr. Pearson: Mr. Chairman, I said that that principle which the minister has enunciated is a reasonable one, but I also pointed out to the minister that when we were dealing with a situation which is partly responsible for the position we face today the Prime Minister gave a decision made by the government based on technical information which he had received from the chiefs of staff as justification for that decision. Therefore I thought it quite fitting in similar circumstances to ask the minister whether the technical and military advisers of the government—I am not mentioning them by name or position—had recommended this plane as the most suitable to the minister for the function which it was to perform. If the minister cannot answer that question, and certainly the Prime Minister answered it or volunteered an answer to it, would the minister tell us whether he has recommended this plane to the cabinet as the most suitable plane for the role in which it is to function?

Mr. Pearkes: The cabinet was given all the information possible regarding this and other planes, and in view of the information that they received the cabinet made the decision to re-equip the air division with this aircraft.

Mr. Pearson: Mr. Chairman, the minister made quite a point this morning out of the fact that the plane he suggested we were talking about, the F-104, was not the same as the plane which has been accepted by the government for re-equipping the air division, the F-104G. He gave the impression that the F-104G is a different type of plane, that something had been done to it which made it more suitable to discharge its function than the F-104, and that our criticisms of the F-104 and the criticisms we levelled generally were based on the F-104 and did not apply to the F-104G. This is a very important point because if in fact the F-104G is something new and was tested as such—that is to say, as an F-104G—surely the committee should know what are the changes which have removed the disability under which the earlier version, the F-104, operated. Perhaps the minister could tell us what these changes are to the F-104G which have made it a more suitable plane for the purposes we have in mind?

Mr. Pearkes: There have been very material changes made in the F-104 as originally designed, developed and produced. In the new version of the F-104, which is the F-104G, those technical changes were made in order to make this plane capable of flying at high speed at low altitude, and to provide additional safety to the pilot flying this aircraft at low altitudes.

Mr. Pearson: When the minister said, as he did this morning, that this plane along with others was tested by R.C.A.F. and other Canadian pilots before the decision was made, can he give the committee an assurance that it is the most modern version of the plane, the F-104G, which was actually flown and tested by Canadian pilots with the changes which he has just mentioned?

Mr. Pearkes: No. The R.C.A.F. pilots who flew the F-104 were flying an earlier version of the F-104 than the G. The G is the modified version that can carry out the low flight role which is required of it by the air division.

Mr. Pearson: Is the committee to understand that the model F-104G which is the version of the plane considered suitable for the role which is now to be entrusted to the Canadian air division has not been flown or tested by Canadian pilots?

Mr. Pearkes: That is correct. It has not been flown by Canadian pilots.

Mr. Hellyer: If I may resume where I left off—

Colonel Werner took the F-104 to 35,000, accelerated to 1,122 mph and nosed up to 50,000 feet. He completed his mission in 4 minutes, 57 seconds. No call from Major Krupinski. After 6 minutes, officials called him.

"Wo sind Sie, Krupinski?" he was asked.

"I am still at thirty five thousand, trying to accelerate past one point three," came the reply.

The next day, the late Jake Holliman provided the clincher. With a navy simulated mirror-type landing aid, he touched down in the first of hundreds of prevision spot landing demonstration that he later did almost daily for observers.

The Germans came away convinced.

Later on the article says:

Out of talks grew a new idea. The Germans didn't want an off-the-shelf airplane. They wanted an improved model, with more all weather capabilities, more electronics.

And here we have just received confirmation from the minister that what the Germans want is a redesigned F-104. After all we have heard about this country not being in a position to develop a new weapon system we embark on another program of redesigning which will enable an aircraft not designed to do strike reconnaissance work to do the job which it was not designed to do.

The important thing about strike reconnaissance is not its ability to get to 50,000 feet fast. I should like to quote from *Aviation Week* of June 29 in further illustration of the German requirements in this matter:

General Brohon, who said it was impossible for France to expend the capital outlay needed to do the job, also called on the U.S. to provide his division in particular, and France in general, with an effective replacement aircraft to carry out the division's primary mission—reconnaissance. He would like most, he said, to see a reconnaissance version of the Lockheed F-104 developed by the U.S. and supplied to him under mutual security funds. Without such a replacement for the Republic RF-84F aircraft within the next two years, he added, his division would represent a "waste of human capital" rather than an effective combat force.

There are some other interesting observations in this magazine. For example:

Paris—Spectacular demonstration by the Swedish Saab Draken and some inspired flying by French and British acrobatic teams saved this 23rd international aeronautical salon from being just another air show.

Then it goes on:

Biggest disappointment was the Lockheed F-104B demonstration, flown by Lt. Col. James Jabara. The plane made only a takeoff, a single flyby and a landing.

The minister went on to talk about availability, and subsequently he told the committee in reply to a question by the Leader of the Opposition that other aircraft were equally available. And then he gave us the same kind of mixed assurance as we were given earlier when the Avro Arrow decision was made. He said the decision was based on a combination of factors—on cost, on what work would be done in Canada, on the military value, on the degree to which Canadians could participate in production-sharing, and so on. We know these are important, Mr. Chairman, but surely if we can afford to do anything at all in defence matters we should do it well. As the minister said, other production-sharing arrangements were available to us. If I may, I should like to quote from the Toronto *Telegram* dated May 14, which reads as follows:

Ottawa (Special)—The federal government's choice of an aircraft to replace the F-86 Sabres for the Canadian air division abroad is between the Blackburn NA-39 and Republic's new strike attack interceptor, the 105-D Thunderchief . . . The choice has been narrowed to the Blackburn or Republic planes because the advantages of Canadian production of either of these are overwhelming as compared to others.

The article goes on to say:

Should the Blackburn aircraft be chosen Prime Minister John Diefenbaker could then implement in a dramatic way his "Commonwealth policy" expressed so forcibly last fall in his Albert Hall speech in London.

And the article ends as follows:

In meetings between the Prime Minister and Mundy Peel, president of the Republic Corporation, and John S. D. Tory, Q.C., vice-president of A. V. Roe Canada Limited, the Republic Corporation undertook that Canadian-made parts would be included in the American plane for the U.S. Air Force squadrons.

The planes for Canadian use would be the same as to air-frame but would be powered by the Canadian Iroquois engine.

The Prime Minister has repeatedly urged the necessity for Canadian participation in U.S. armament production and this latter proposal would allow him to implement this policy as well as reactivate the Orenda and Avro plants at Malton.

This decision, based on the grounds of military effectiveness, of production sharing and of cost, has, we feel, unfortunately placed military considerations in an inferior position. And then the minister in reply to my assertion last evening that a smaller number of other types of aircraft would do the job of the F-104, said: Emphatically no; we need more aircraft for the strike role. In reply to that, if engines need replacing every 100 hours, half the aircraft will be in the hangars and not available when required. Canadian airmen like to fly; they like to get in enough practice to become efficient in the handling of their aircraft, and they are bound to put in these hours of practice regularly if they are to be able to fly their aircraft confidently at low altitudes and concentrate on the fire power that these planes carry. Surely, when this state of efficiency has to be attained you

cannot afford to have half your aircraft in the hangars. What good would they be, moreover, in the event of a sudden attack?

And so we were told this morning that as a result of prolonged examination the cabinet came to a conclusion and selected the F-104G; yet we have been told this afternoon that the F-104G has not been test flown or evaluated by the R.C.A.F. We have not been told, and I ask the minister this question, if the F-104G is a plane in being or whether it is just a plane on paper.

The minister told us that he was satisfied that the taxpayers' money was being spent properly. He went on to tell us that the F-104 had a very high performance and that it was a stable aircraft. Of course, it is a stable aircraft at high altitudes where it was designed to fly. Of course, it can do ordinary manoeuvres satisfactorily. But I asked the minister a few additional questions with reference to it. I asked him this morning what its maximum climbing incidence was and he said he could not tell me because the information is classified. I understand, however—and obviously I do not have this information from personal knowledge but from sources which I believe to be reliable —that if the F-104 has to climb too sharply the pilots cannot retain control of the aircraft. This characteristic is most essential in a strike reconnaissance plane. There are all sorts of possibilities where you have to have almost unlimited manoeuvreability and particularly the ability to make a very sharp ascent and reverse.

Let me read from *Aircraft*, Canada's aero trade magazine, issue of June, 1959, about another aircraft and how it works. This article is entitled "Thunderchief Testing", and reads as follows:

> Officials have revealed that the Mach 2 Republic F-105 Thunderchief is completing 18 months of tests of a new bomb-releasing method. The tests, conducted at the U.S.A.F. Air Proving Ground Center Eglin AFB, Florida, ranged from tree-top level to 40,000 feet.
>
> The new method is in answer to the problem of getting a bomb clear of a bomb bay when the vehicle is travelling at speeds up to Mach 2. At these speeds, if a bomb were merely released as was done in world war II bombers, the bomb would either be forced back up into the bomb bay or else would roll back along the underside of the fuselage doing damage to the aircraft structure.
>
> To prevent this from happening, Republic has designed a pneumatic device which fires the bomb out with 30,000 pounds of force. To test the system initially, a special rig was constructed duplicating a full-scale bomb bay system. More than 100 "bombing runs" were made while elaborate electronic and recording equipment made minute evaluations of each ejection.

One of the features which I should have thought would be essential for strike reconnaissance is the ability of the plane to deliver satisfactorily a bomb load either of a conventional or nuclear type. It is obvious that when one of these bombs is being released, and particularly those of the nuclear variety, the pilot of the aircraft has to get his plane away from the scene very quickly in order to avoid being blown up with the explosion. This requires a very strategic manoeuvre and puts great stress on the aircraft. If the F-104 is not designed to do that and is not designed to be able to perform the skip bombing operation, it is not satisfactory for the R.C.A.F. as a strike reconnaissance plane.

Mr. Horner (Jasper-Edson): What about a delayed action fuse?

Mr. Lambert: He has never heard of that.

Mr. Bell (Carleton): No one put that in his notes.

Mr. Hellyer: Some hon. gentlemen who are making interjections were asking this morning about the propaganda which had been distributed by the Lockheed Aircraft Corporation, copies of which I understand all hon. members have received.

Some hon. Members: No.

Mr. Hellyer: All those to whom I have spoken in the last hour received copies.

Mr. Benidickson: It went into the waste baskets of hon. gentlemen opposite.

Mr. Hellyer: I can only conclude that either hon. gentlemen opposite did not take time to read their mail or else the Lockheed corporation considered that only members of the opposition should receive it in the realization that government supporters are mere ciphers.

Mr. Horner (Jasper-Edson): Where did you get the other information? You have not answered that yet.

Mr. Hellyer: The minister went on to tell us that the R.C.A.F. teams had been in Europe finding out how the German evaluation of the F-104 was coming along. Why in Europe? Why would the R.C.A.F. teams go to Germany to evaluate the F-104 when the Germans have not even commenced production of this aircraft yet. There are no airplanes to evaluate. What possible information could the R.C.A.F. experts get by going to Europe when there is no flying aircraft? The minister then went on to say that it was only natural that the unsuccessful aircraft companies would be disappointed and would try to belittle the successful contender. This was an inference that some aircraft company or companies had some connection, directly or indirectly, with the charges we have made. Let me state categorically that they have not.

Mr. Horner (Jasper-Edson): Where did you get your information?

Mr. Hellyer: I have not discussed the matter of the re-equipping of the air division overseas with any member of any aircraft company nor with any servant, propagandist or employee, directly or indirectly, of any aircraft company.

Mr. McGee: What about the fellow who wrote your speech?

Mr. Hellyer: I wrote it myself which is more than the hon. gentleman can say about his remarks. It may not be good but at least I am trying. I got my information from sources which I believe to be thoroughly reliable.

Mr. Lambert: The Toronto *Star*?

Mr. Hellyer: I think that the sources of my information are just as reliable as those available to the minister even though, as he says, he has the facilities for checking the accuracy of the facts; but he then comes into the committee and explains that unfortunately he cannot give the facts to us. We suspect that the reason for this is that some of the facts would confirm the statements we have made in this committee.

With reference to what I said last night about the fatality rate of the F-104, I got that information directly from Washington from a person who has first hand knowledge of the information and who is in a position to know and know accurately.

Mr. Pearson: It happens to be a United States aircraft.

Mr. Hellyer: The minister said this morning that R.C.A.F. pilots have flown the F-104 and that it was an easy transition from the F-86 to the F-104. It would be, of course, because they are similar aircraft. They are both day fighters designed for the same type of high level interception. We were told that we were taking advantage of the testing that had been done by others and that we would not have to do the development. Despite this, we were told just a few minutes ago that in fact the version the R.C.A.F. expects to buy has not been tested nor evaluated by us. Surely this means we will become involved in a period of redevelopment and redesign, a period of indecision in which we will not know for sure whether or not the new mark G will be a successful aircraft. In any event we on this side of the chamber believe that no redevelopment or redesign of that aircraft short of a complete redesign—in other words, a new aircraft—would fit it properly for the role of strike reconnaissance which the R.C.A.F. division overseas has now been assigned.

In conclusion I wish to repeat what I have said before, that those of us who sit on this side of the chamber have a responsibility too. We are here to serve the Canadian public as are members on the government side. We try to do our job and our job is made more difficult by the fact that we do not have employees of the state to dig out facts and do our research for us. Consequently we have to work, as those of you who have sat on this side know, even more diligently than some members on the government side.

All the information we have been putting forward in respect of this plane has been put forward sincerely. It has not been the result of representations on behalf of anyone having anything to do directly or indirectly with the aircraft industry. Surely the minister could have shown us the consideration this morning of accepting as sincere the remarks that we put forward. When he was on this side of the house he put forward some very startling and peculiar ideas indeed and at that time we did not accuse him of being irresponsible. Irresponsible, Mr. Chairman? All I can say is that with respect to all the charges I put forward last night, namely that this aircraft was not designed for the strike role, that its engine is not satisfactory and that the casualty rate is high, the minister has shielded himself behind the veil of official secrecy while at the same time branding me by innuendo as being utterly irresponsible.

I feel that this is not fair and I know that on reflection the minister will realize that those of us on this side of the house have a responsibility to do our best to protect the taxpayers who elect us and to make sure that our fighting men overseas have the best equipment available from a military standpoint and that that consideration should be paramount unless there is some other very serious objection. We will continue to do this, and I assure the committee again that if we had felt this aircraft was a proper choice we would have applauded the government for making the decision, however tardy it was. However, I repeat, as I have said before, that we feel that the decision was ill-considered, that it was made hastily even though tardily just in time to have some bit of factual information to put before the committee when it began its deliberations on Thursday.

Mr. Pearkes: Mr. Chairman, I do not intend to repeat at any length the arguments already advanced by me in support of the decision reached by the government but there are one or two points which have arisen during the speeches made by the hon. member for Trinity. He is accusing the government of having made a hasty decision.

He says that nobody knew anything about the Lockheed or ever had any idea that we would consider the Lockheed aircraft until there was pressure put on the government or on the air force within the last month by a so-called high pressure advertising campaign. I should like to quote *Hansard* of March 2 when I made a speech on these matters. As found near the bottom of page 1515 I said:

> Another problem we have before us is the possibility of having to replace the Sabres of our air division, the F-86.

Then I went on at some length to indicate some of the aircraft which were being inspected, and about half-way down the first column on page 1516 I used these words:

> On the 14th and 16th of January yet another team went to the Lockheed aircraft company at Burbank, California.

I think that shows that this was not something which was suddenly thought up by the government in response to pressure exerted during the last month.

Then I must say just a word as to the engine, about which the hon. member has grave doubts. This is a comparatively new engine with high performance characteristics particularly well suited to the air division requirements. The engine is being installed in the new B-58 Hustler bomber, in the McDonnell F-4H all-weather interceptor and in the Convair 880 jet airliner and other new aircraft. I have no doubt at all of the excellence and reliability of this engine.

Reference was made to the fact that the engine has to be overhauled every 100 hours. That is a situation which applies to almost every new aircraft engine. By the time the engine is placed in the 104G's and made available to the R.C.A.F. I am assured that it will be able to run three or four times that many hours without being tested.

The only other point I want to refer to has to do with the conclusion the hon. member drew, and these were his words, that "military requirements held an inferior position to other considerations." I want to make it crystal clear that I deny that emphatically and I wish to say that the aircraft meets all the requirements which are laid down for the aircraft to carry out the role assigned to the squadrons in Europe.

Mr. Hellyer: Mr. Chairman, the minister has just told us that an air force team went to Burbank, California, in January of this year and that he had so advised the house on an earlier occasion. This is just one more instance of the minister taking things out of one context and putting them into an entirely different context. I remember very clearly this statement at the time we were criticizing the manner in which the CF-105 Avro Arrow had been cancelled. The argument was not going as well for the government as it should have even though they had a lot of press clippings which supported them. The minister rose and in reply to a question as to what had been done to try to find work for the people at Avro and Orenda who had been thrown out of their jobs so abruptly he read off a list of about 20 different places that R.C.A.F. and other service teams had visited from time to time in the previous few months. He gave the impression at that time that these visits had been made for the purpose of trying to find something else of military value, before the cancellation of the Arrow was announced, which could be manufactured by the employees at Avro and Orenda. Yet in reply to a question which I put on the order paper the minister told the house that on not one occasion of these many was an employee, an executive or any other person representing Avro invited to go along in order that they might discuss with the officials of these various companies their capabilities and the things that they were best able to do.

It is completely obvious that these trips were not made for the specific purpose of trying to find something for the employees of Avro and Orenda to do before that abrupt cancellation was made and it is obvious today that this statement has been picked out of context to try to demonstrate that the government was then considering the Lockheed F-104 as a strike fighter when in fact the list he then read included a number of places which had not developed strike fighters and consideration was being given to planes and equipment of all types. Can you blame us, Mr. Chairman, for questioning the information which is given to us in the house and for demanding that we be given proper information and real facts on which to base our judgment before voting these huge amounts of money?

(Translation):

Mr. Dupuis: Mr. Chairman, I should like to stray a moment from the field of missiles, of plain or supersonic aircraft, to deal with a matter which is of particular interest, not only to my constituency of St. Jean, but also to the province of Quebec and to all of Canada, since it concerns the navy, the army and the air force, that is the Royal Military College of St. Jean.

I should like to draw the minister's attention to the fact that last year, on the occasion of this vote, I asked the minister if he could not find some way to let the Royal Military College of St. Jean give students there the opportunity of completing their course in St. Jean, instead of being forced to go to Kingston for that purpose.

I want to say to the minister that we, in St. Jean and in the province of Quebec in particular, are proud of the Royal Military College which with the Canadian military colleges of Kingston and Royal Roads has completed the trio of such institutions in Canada.

In 1952, the Liberal government gave the province of Quebec a bilingual royal military college, at the opening of which, in 1952, the commander at the time, Colonel Lahaie, who has earned quite a wide reputation in our province, stated that he hoped and that he was sure that five years after the opening of the college, that is in 1957, we could have in St. Jean a military college which would allow its students to take the same course as that given at Kingston.

Well, Mr. Chairman, this is 1959 and the Royal Military College of St. Jean still does not provide a complete course. I must say to the Minister of National Defence that, at the present time, I rise not only on behalf of the taxpayers, voters and citizens of the province of Quebec, but in my own name—and, since he is president of the Royal Military College, I am a little ill at ease in reminding him that he is the chairman of a college where students cannot take a course of studies or training.

Mr. Chairman, we have at the Royal Military College of St. Jean all the qualified staff we need to allow Canadians who attend the college to complete their course. I think it is unfair that French-speaking Canadians who start their training at the Royal Military College of St. Jean, and who stay on for three years, be forced, often after getting top marks among the cadets, to go to Kingston to complete their education in English. And there, quite often, because of their lack of knowledge of the English language, they fall to the bottom of the class of cadets who complete their studies at Kingston.

Mr. Chairman, since the Canadian government has provided a royal military college for the city of St. Jean, and the province of Quebec, I think this government must by all means enable students who attend this college to take their full training there.

May I point out to the Minister of National Defence the statement made in this house in 1952 as recorded on page 3941 of *Hansard*, by the Hon. Brooke Claxton, then Minister of National Defence, in which he indicated that the intention was to place the St. Jean military college on an equal footing with R.M.C. in Kingston.

Mr. Chairman, what is keeping this government from carrying out the intentions of the former government?

We have at St. Jean every facility to teach the full curriculum to our cadets. In the first place, we have a first rate president, in the person of the Minister of National Defence. We have an excellent commander, in the person of Group Captain Archambault, who is to be commended for doing an exceptionally fine job. We have, as director of studies, Colonel Charles A. Chabot, a man of outstanding reputation. We also have Squadron Leader Lanthier, a Kingston graduate, not to mention our devoted secretary general, Mr. Denis Dion, and all the distinguished professors devoted to the training of the cadets.

We have everything at St. Jean: a splendid site, the best of teachers and the best of college presidents. In fact, the only thing we lack is an opportunity for the cadets to complete their studies. I should be grateful, therefore, if the Minister of National Defence, who is president of our military college, would answer my request and tell us why we, in St. Jean, should not expect to see our royal military college at long last offer a complete course of studies, just as R.M.C. at Kingston.

I also ask the minister to tell us why Canadian citizens of French culture attending the royal military college at St. Jean are being forced to go to Kingston for the last two years of the course. Such students may find themselves at the bottom of the class when placed in an English environment, after leading their class at St. Jean.

When a bilingual military college was to be established at St. Jean, it was to be in the best interest of this country. I am convinced that the Minister of National Defence will not let this opportunity slip by to give the Royal Military College of St. Jean a complete study course so that the graduates of that college could be in the same category as the English speaking cadets in Kingston.

I shall not insist upon the matter, because I know how the Minister of National Defence is interested in anything having to do with the military college of St. Jean. I became aware of that interest during the visit he made there last year at the graduation ceremony. I also realized it this year when he came, accompanied by the hon. Solicitor

General (Mr. Balcer), and if the teachers of that military college really have all the qualifications and abilities which the minister has recognized, we only need a quick decision by the minister. I would like us to be assured, as from next September, that those cadets who are now under the impression that they have to go to Kingston to complete their studies, will learn the great news that they will be able to continue their course in St. Jean, where they began their studies.

Before concluding these remarks, Mr. Chairman, I would like to add a few words. Quite recently, the minister informed me that it had been decided to demolish two buildings on the college grounds, which had been designated as surplus. At this stage, Mr. Chairman, I would like to point out to the minister that the two buildings he mentioned are historical sites in St. Jean. They are the remains of old Fort St. Jean and, to my mind, it would be in very bad taste to destroy them.

I am pleased to remind the house that the first fort at St. Jean was built in 1666; it was replaced by a second one in 1748, by a third in 1778 and by a fourth in 1839. The present fort, as well as the buildings which it is proposed to destroy, go back to 1839. I wanted to draw the minister's attention to that matter.

In my opinion, it would be unfortunate to demolish those historic buildings, even if it is proposed to replace them by more modern ones. Historic buildings going back to 1839 cannot, in my opinion, be replaced in 1959. It would be really unfortunate if the minister should decide to remove those buildings which have stood there for more than 120 years.

I know the minister will have a serious investigation made about the matter, and I can assure him that the great majority of the resident students of the Royal Military College of St. Jean, and of the people of St. Jean, that is 99 per cent of them, are opposed to the destruction of those buildings, as well as the whole population of the province of Quebec, and of Canada as a whole.

Mr. Chairman, I now close my remarks. However, I should like the Minister of National Defence to tell us why he has refused for so long to give the province of Quebec, and most particularly the Royal Military College of St. Jean, a course of study as complete as the one now being given at Kingston.

(Text):

Mr. Pearson: Mr. Chairman, I should like to take the minister's mind back from the College St. Jean to the F-104. I do not apologize to the committee for having something more to say about this matter, because, as has been pointed out, it represents a very large expenditure of the taxpayer's money, some $200 million or more; but more important than that, of course, is that it will be equipment for the R.C.A.F. in a new and difficult role which it may be asked to undertake for NATO and for Canada at a time when NATO tactics, and indeed NATO equipment, are in a state of flux. Therefore, we naturally on this side are worried about the implications of this decision. I would like to ask the minister one or two more questions, and I think they will be new questions. It is, of course, a fact—and I do not think the minister has disputed this—that the F-104 A, B, C, D, E, or F, has been developed in the United States as a high altitude, high speed aircraft. It has the world's speed record, and it was designed originally at least, the minister will agree I am sure, for a purpose not directly related to that which it will be performing with the R.C.A.F.

Mr. Hellyer: Not even indirectly related.

Mr. Pearson: If that is a fact, it was bound to arouse our anxiety and indeed our suspicion that this might not be the aircraft best equipped for the purpose we have in mind. We ask ourselves, how can this type of aircraft be suited for the strike fighter, strike reconnaissance role, at low altitudes, and the minister has replied that we are now considering the F-104G. The impression he has left in our minds is that this is a new model designed for this purpose to remove the deficiencies of the earlier models; but he has told us at the same time that this re-designed or this remodelled F-104F, the F-104G, has not been tested in the air by any Canadian pilot. Now, our worries about this plane have been increased by the evidence that we have been able to secure. Last night I asked the minister whether it was a fact that the United States—and this is a United States plane—has equipped its own tactical squadrons in Europe with Republic F-105 fighters, and the minister said in reply that some squadrons of the U.S.A.F. are being equipped with Republic F-105 planes. I would like to secure from him, if I can, information as to whether these replacements in Europe by the F-105 are replacements of the F-104.

The fact is, and the minister has not denied this, that the United States air force had already decided at the very time they were deciding to purchase these planes to reduce its own commitments for purchasing this plane from, I think, 700 to 300 or 400. This

is being done by the United States government, which should know a good deal about this plane, at a time also when it has signed new contracts, I think up until 1963, for the purchase of the F-105.

In connection with the testing of these planes, the minister said that the F-104G has not been tested in the air. I woud like to ask him whether the Grumman Super Tiger or the Republic F-105—I will just mention these two planes—has been tested or flown by the R.C.A.F.? When? For how many hours? Were they actually tested in the air in the form in which they were offered to the R.C.A.F., in the form in which they would be used by the R.C.A.F. if they had been purchased? In other words were those other types tested by the R.C.A.F.? Were they flown by the R.C.A.F.? When, and for how many hours?

I know there are economic considerations involved in this, Mr. Chairman, and the minister has indeed indicated that. I wonder whether he could give the committee any information about the unit prices for the F-104G. We remember in the debate on the CF-105, that in connection with prices we had a great deal of difficulty in getting the exact information on this point. The Prime Minister told us last February that the price of the CF-105, on an order of 100, was $7,810,000, and we learned from the Minister of Defence Production a couple of months later that, far from it being $7,810,000, it was $3,750,000. Perhaps the minister will give us some specific and definite information about the cost of these particular planes which it has been decided to buy from the United States.

I should also like to ask him whether any aviation company, apart from the Lockheed company, whose plane it has been decided to buy, whose planes were under consideration, including the Republic company, had expressed a willingness to use the Iroquois engine not only in their own aircraft for use in the R.C.A.F. but also for their own aircraft produced for use in the air force of the United States, because surely that would have been an important consideration in the mind of the government if in fact that proposal and that suggestion had been made.

Then I would also like to ask the minister whether this F-104G, this new model, improved version, which has not been tested by any Canadian flyer, has any all-weather or night flying capabilities?

When the question of the equipment of the United States air force was under discussion by the subcommittee of the committee on appropriations of the house of representatives this spring—and I am quoting from page 536 of the evidence—the president of a company called Electronics Communications, Incorporated, who was a vice-president of Westinghouse company before that, and who is a great expert in this field, was asked by the chairman of the committee: "What about the 104F?" They were discussing various types of planes, and Representative Flood went on to say, "Which has been slowed down, too"? He was referring to the cut in the order, and Mr. Godsey, who was the witness, said:

> Sir, I have very little faith in a weapon or weapons system with limited capability. If you cannot use it at night or in bad weather then you have left yourself wide open to attack in those periods when you can do nothing.

Perhaps the minister will give us the information as to whether there is any all-weather night flying capability of this model, the F-104G?

Then finally, at this stage, can the minister give us any indication of where this plane is to be manufactured in Canada and under what conditions? The minister mentioned this morning that the company would be given—I do not know what the proper expression is—a production fee for manufacturing this plane in Canada. Can the minister indicate how much money will be involved in this production fee to be given by the manufacturer for the privilege of manufacturing this plane for the common defence to the United States company which is the producer of the plane in the United States?

Perhaps, Mr. Chairman, the minister might be good enough to deal with those particular questions.

Mr. Pearkes: Perhaps I could help the Leader of the Opposition if I told him the various types of the F-104 which have been developed. The first, the F-104A, was an interceptor. The second one, known as the F-104B, was an interceptor with a dual seat, a trainer.

Mr. Hellyer: Would the minister repeat that, please?

Mr. Pearkes: The F-104B was a dual trainer. The F-104C was a tactical fighter and bomber with special bombing equipment. The F-104D was the same as the F-104C but with dual flight so that it could be used as a trainer. The F-104E and the future G, the more sophisticated editions of the C type, have both navigational and bombing equipment. That will answer the question regarding the ability of this aircraft as an all-weather aircraft, in that it has navigational equipment.

Mr. Pearson: Before the minister leaves that point, might I ask a supplementary question.

Which of these particular models, if any, were tested by R.C.A.F. or Canadian flyers, and for how long?

Mr. Pearkes: The 104C was the type which was tested by our pilots. The Leader of the Opposition asked questions about the cutback in the 105 as far as the United States air force was concerned.

Mr. Pearson: The cutback was in the 104.

Mr. Pearkes: Yes, I am sorry; I said 105. That is in the fighter version of the 104 because there is not the same requirement for the fighter version of the 104 and the cutback is principally in that version.

A question was asked about the 105, and I made the statement yesterday in answer to the Leader of the Opposition's question that I understood that some squadrons of the United States air force are being equipped with the Republic F-105. That is correct. Some of the squadrons of the United States air force in Europe are being equipped with the 105. There are also squadrons being equipped with the 104. The 105 is a much larger aircraft, and being larger it is also more expensive and more sophisticated and has a slightly different role from that of the 104. It is a larger aircraft capable of greater distance reconnaissance, having more navigational instruments and greater power. It is, as I say, a more expensive aircraft, and therefore in the inventory of the NATO forces there would be a requirement for both the larger type of reconnaissance aircraft and the smaller type, and we are contributing the smaller type, the 104. Had we selected the Republic it would either have cost us a great deal more money to have supplied the same number of aircraft, or it would have made it necessary for us to reduce the number of aircraft in spending the same amount of money and no reduction in the number of aircraft would have been acceptable to the commander of the forces in Europe.

Mr. Pearson: Mr. Chairman, I asked the minister some other questions. I do not know whether he has forgotten them, but has he any figures for the cost of the plane, or where it is to be manufactured?

Mr. Pearkes: I think when it comes to the question of cost and the actual contracts which are being made, those remarks should be addressed to the Minister of Defence Production. His estimates follow as soon as these estimates are finished.

Mr. Benidickson: With respect to the relationship between the Department of National Defence and the Department of Defence Production, I would take it that the defence department will indicate to the Department of Defence Production its requirement in the matter of delivery. The minister in his original speech, when introducing his estimates on page 5352 of *Hansard* for July 2, said:

> Some two years will elapse before new aircraft will come into operational service, and by that time the value of the F-86 will have diminished in comparison with other aircraft in operation. Failure to take a decision now, therefore, would peopardize the effectiveness of the R.C.A.F.'s contribution in the future and undoubtedly would cause serious alarm and harm to the alliance.

I think that language is something all can understand, but I thought the phrase "some two years will elapse" under the circumstances, when necessity and obsolescence is emphasized, was rather woolly, shall I say. Can the minister indicate whether or not in his requisition to the defence production department he indicated the minimum time that he would like to have this aircraft available for operational purposes? The minister indicated that he thought Canadian aircraft would be operational about the same time as those selected by the Federal Republic of West Germany, which of course is under licence proposing to manufacture this plane in Germany itself.

Another thing with respect to the timetable impresses me. We were told that the government made a commitment at the annual meeting at NATO of defence ministers, finance ministers and foreign affairs ministers, in December, 1957. It was agreed that one of the Canadian commitments was to re-equip the Canadian air division in Europe. That is more than 18 months ago and the minister uses the phrases "some two years will elapse". The phrase in the document that is referred to is the minimum force needs from 1958 to 1963. Surely they were not contemplating when they used the words "minimum force" something that seems to lack a definite timetable to the extent this program does. They did not mean that we would get delivery at the end of the five-year period or after the five-year period, and I wonder if the minister has real confidence that these squadrons would be actually operational on the basis of his present plans, even before expiry of this five-year period, which was referred to as something that Canada agreed to in December 1957.

Mr. Pearkes: Naturally, we should like to get these aircraft as soon as possible. I think we might set approximately two years from the time the contract has been signed; it will take from 18 months to 24 months to have this complete and, after that, start to issue them to the squadrons so that they can come into operational use.

Mr. Benidickson: The minister said that licensing arrangements had not been completed with the Lockheed company. Does he know whether the authorities of West Germany have already completed their licensing arrangements to manufacture?

Mr. Pearkes: I understand that the contract has been signed on March 31 of this year, but that some of the first of the aircraft will be constructed in the United States and sent to West Germany and the balance will be completed in West Germany.

Mr. Pearson: I think I understood the minister to say that it would take between 18 months and two years for the first planes to be delivered. Will there be any provision in the contract for an alteration of the terms, if required to be changed because of changing conditions with regard to NATO arrangements in Europe? We are now entering upon a large scale commitment which will extend over a period of 18 months to three years or more. Conditions change swiftly. Would the government be committed to all the terms of this contract if the conditions of Canadian participation in NATO affairs in Europe change?

Mr. Pearkes: As the hon. gentleman knows, the terms of the contract are worked out by the Department of Defence Production. That question should be directed to my colleague.

Mr. Benidickson: I was about to point out to my colleague the Leader of the Opposition the actual phrasing of the minister's estimate as to the timing as reported at page 5352 of *Hansard*. He said there: "some two years will elapse before any aircraft will come into operational service." We recall from our inquiries last year in the estimates committee that there is a marked time lag between the arrival of the first aircraft off the production line and the moment when training and testing has been completed; a very long time lag before it can be said that an aircraft comes into operational service. Last year, as I recall it, the minister used the phrase "squadron operational service". I do not know whether he had in mind the same type of availability as he did when he used those words last year.

Mr. Pearkes: Yes, I think that in from 18 to 24 months these aircraft should be with the squadrons in Germany.

Mr. Pearson: A few moments ago I asked the minister a question which he overlooked in the replies he made to other questions. I asked him particularly regarding the testing of some of the other planes which were under consideration and I mentioned particularly the Grumman Super Tiger and the F-105. Were they tested by Canadian pilots in the form in which they would have been used if a decision had been made to purchase them?

Mr. Pearkes: I cannot say they were actually tested in the form in which they would have been delivered to the R.C.A.F. had a decision been made to adopt that particular type of aircraft, because it might have been necessary to have had some improvements or changes made, but I can assure the Leader of the Opposition that a most thorough examination was made of many of these different types of aircraft, and it was only after the most prolonged and careful consideration that a decision was reached. I cannot say more than that. I have said it before, and I repeat it, and will repeat it again and again.

Mr. Hellyer: I asked the minister this morning if he could give us the number of hours during which each of the various types of aircraft had been flown by R.C.A.F. pilots during the course of the evaluation. I wonder if the minister has that information available now?

Mr. Pearkes: No, I have not got that information here.

Mr. Hellyer: The Leader of the Opposition has just asked a question in an endeavour to ascertain whether these aircraft were flown as they would have been delivered to the R.C.A.F. May I put the question differently. Were the Grumman Super Tiger and the Republic F-105 both test-flown by R.C.A.F. pilots?

Mr. Pearkes: I cannot say definitely that the latest types of those aircraft were, but the most careful evaluation of their capabilities was made.

Mr. Hellyer: Could the minister give us any assurance that any types of those aircraft were flown?

Mr. Pearkes: I am told that it is very definite that the Super Tiger was flown by Canadian pilots.

Mr. Hellyer: Was the Republic 105 also flown by Canadian pilots?

Mr. Pearkes: That, I could not say.

Mr. Hellyer: Can the minister give us this all-out, unequivocal assurance that these planes were properly evaluated in every respect when in fact they have not all been flown by R.C.A.F. pilots? It is precisely this lack of information which makes us aware of the fact that we cannot really rely absolutely on the decisions which the government makes. We cannot rely on the meagre facts which are made available to us, and we have to ask questions in order to find out

the situation. We were assured that a complete and thorough evaluation was made, and the only thoroughly satisfactory method by which a plane can be evaluated has not been used in the case of at least one of these aircraft. How can the government or the department rely on an examination which has not included an on-the-spot evaluation by a pilot in its own air force or in its own employ—someone they trust implicitedly. Surely the minister could give us some information which would set our minds at rest that more exploratory work has been done than he has asserted this afternoon.

Mr. Pearson: A few minutes ago the minister said that every step was taken to insure that the decision which was made by the government was the right decision, and now he tells us that one of the planes under construction, the F-105, was not, as far as he knows, even test flown by any R.C.A.F. pilot.

Mr. Pearkes: There are many ways of obtaining information about aircraft other than by actually flying them, and if some of the other qualifications do not meet the requirements, is there any necessity to go to the extent of flying the aircraft? Very complete information is available from all United States officials.

Mr. Pearson: Are we to infer from that that the government or its officers or technicians looked at the F-105 and decided that it was of such a type and quality that it was not even thought desirable to bother about test flying it for this particular work?

Mr. Pearkes: The experts of the R.C.A.F. made a thorough examination of the capabilities of the Republic 105, and that aircraft was not selected after the evaluation placed upon it by the R.C.A.F. As I pointed out earlier this afternoon, the reconnaissance features of the 105 are different from the requirements which were given to us for the plane to re-equip the squadrons in Europe.

Mr. Pearson: I think it is becoming clear where we stand at least in respect to these two particular planes. The F-105 was examined and tested and as a result of that examination it was considered not worthwhile testing in the air by Canadian pilots for the purpose it was meant to perform. The F-104 was examined, I think the minister said that it was the F-104C, an earlier version, and it was decided, after the examination, it would be test flown in the air by Canadian pilots. That was done. Presumably it was decided as a result of this and the other investigation that that particular plane would require changes. Presumably those changes have been made in a version, the F-104G. On the basis of flying an earlier version it was declared not satisfactory because the changes had to be made. It was then decided to spend $200 million producing a changed version which has not been flown or tested at all.

Mr. Pearkes: Of course, the decision was not made merely on the basis of the flying of the aircraft. All the capabilities of that aircraft were available to the experts when they carried out the evaluation. Such decisions are reached on the sum total of the considerations. I have confidence in the ability of our air force personnel to make a recommendation in this respect. I have confidence in the advice that they give us.

Mr. Pearson: I have the greatest possible confidence in and respect for the advice the minister would get from his Canadian advisers because I know there are no more highly qualified advisers for any minister of defence in any country, but I would have more confidence in the wisdom of the government in making this official decision if these advisers had had a chance to fly the plane which was decided on by the government as the one suitable for re-equipping the Canadian air division and on which we are going to spend $200 million.

I quite agree with the minister that flying is not the only way of testing a plane and that there are many other considerations that have to be examined before the plane is taken into the air, but I cannot believe it would be wise to make a final decision with all that is involved in terms of money and in terms of service to the R.C.A.F. without having the model it was decided to produce flown by the R.C.A.F. personnel.

Mr. Hellyer: Mr. Chairman, perhaps the minister could tell us when the F-104G was first flown?

Mr. Pearkes: Mr. Chairman, I have said several times that the F-104G has not been flown.

Mr. Hellyer: The F-104G has not been flown. In other words, the minister is asking us to buy a pig in a poke?

Mr. Pearkes: Do not be so stupid.

Mr. Dupuis: Mr. Chairman, I should like to have an answer from my hon. friend about the College Militaire Royal de St. Jean. I know that the minister is the president of that college and I know how he loves the institution. I am surprised that he did not give me an answer to the question I asked him a few moments ago.

Mr. Pearkes: I shall be very pleased to give the hon. member an answer. Another hon. gentleman rose before I had an opportunity to reply.

The policy as far as the service colleges are concerned is that there are three colleges which give the first two years of the course, the Royal Military College at Kingston, the College Militaire Royal de St. Jean and the Royal Roads at Esquimalt in British Columbia. The first two years of the course may be taken at any one of those three colleges but because of the additional facilities particularly in the nature of laboratories and equipment for engineering study, and in the extra staff that is maintained at the Royal Military College, the last two years of the college course are given at the Royal Military College.

In order to make quite certain that French speaking boys are thoroughly acquainted with the English language they may take an extra year at the College Militaire making three years. There is one year which you might call a pre-college year in which they have the opportunity of becoming completely bilingual. I am very proud of the work which is being done at the College Militaire at St. Jean. Everything the hon. member has said regarding the efficacy of that college I heartily endorse. The present policy is that the cadets complete the last two years of their four-year course at Kingston for the reasons I have given, the additional equipment, the extra staff and the fact that they are now able to obtain a college degree at Kingston.

Mr. Dupuis: The minister knows perfectly well that French Canadians can speak English with considerable fluency. I cannot speak English very well myself and when I wish to be persuasive and completely understood, I speak French because I feel I speak better and more convincingly in French. It is the same for the cadets who go to the College Militaire. They might be good in English and they like English—I may even say they love it—but when there is an examination to pass, even with their love of the English language, they are placed at a disadvantage in relation to the English speaking persons who write the examination.

In order to be completely understood, I will now speak French to the minister to prove to the minister that we French speaking Canadians are better in our own language than in English.

(Translation):

I would point out to the Minister of National Defence (Mr. Pearkes) that, while it is true that there are preliminary courses given at Royal Roads, just as there are at St. Jean, which have to be completed at Kingston, students at Royal Roads, being English-speaking, are not up against the same language difficulties as the French-speaking students attending the St. Jean Royal Military College. A French-speaking student can like English and be able to speak it well enough to be understood, but if he is transplanted into another college where absolutely everything is done entirely in English, he is automatically placed at a disadvantage in relation to his English-speaking fellows.

The very aim of the Liberal party, in setting up a bilingual college, was to remedy this situation of inferiority in which French-speaking students attending R.M.C. at Kingston found themselves.

I am sure that the minister understands my point perfectly. He understands it so well that every year, when he comes to visit our military college in St. Jean, every year as he said just now, he marvels at the good work that is done there and every year the case I am now submitting to you is submitted to him from several quarters.

We have at the Royal Military College of St. Jean the required teaching staff to allow the students to finish their course. We have all departments there, that is: English, chemistry, military studies, French, history, geography, economics, mathematics, philosophy, physics, military instruction, sports and physical culture—all this without even mentioning the basic course in the general program, engineering. All that is found at St. Jean, but the minister persists in his refusal to authorize the Royal Military College of St. Jean to give those students an opportunity to complete their course in the same institution. It is inadmissible and unacceptable that French speaking students be submitted to such discrimination.

I am proud that the powerful Minister of National Defence is head of that college. But it is the first time, Mr. Chairman, that a college president shows so little interest in the advancement of his institution. I trust he will reconsider the things I just said and that he will put an end to such discrimination against our people.

I also hope that he may rise and tell us, before the next election: "As Conservative Minister of National Defence, I have continued the work begun by the Liberal party". I would like to keep my remarks above politics, but I have to remind the minister that the Hon. Brooke Claxton, then minister of national defence, and Colonel Lahaie said that they wanted to put the Royal Military College of

St. Jean within five years on the same footing as the Royal Military College of Kingston. Five years later that is in 1957, the Conservative government came into power. Putting political considerations aside, I ask the present Minister of National Defence to pursue what was started so efficiently under Liberal rule.

I am convinced that the Minister of National Defence very much appreciates what is done at St. Jean and that he likes to come and visit us. But he would be quite embarrassed if he were to come back to St. Jean for the graduation ceremony and tell certain people: "Well, as Minister of National Defence I have not taken upon myself to give you what you are rightly asking for and I cannot allow those students to continue their course here." For, when those students go to Kingston to finish their course they never succeed as well, because their language is French. Teachers at the St. Jean Military College are just as capable as those at Kingston, and there is no valid reason why this state of affairs should continue. It is unthinkable that the Minister of National Defence and the present government should deny the students at the St. Jean Royal Military College an opportunity to complete their studies there.

I know the minister is perfectly aware that this is detrimental to our people. I shall therefore be surprised and disappointed if he does not change his present attitude in the near future.

(Text):

Mr. Hellyer: Mr. Chairman, this morning the Leader of the Opposition asked the minister what was to be the ultimate role of the other four squadrons in the air division and what plans the department had for replacing their equipment. The minister has not answered that question. We feel he should answer it and give us some indication at least of what the department's thinking is. It is not enough just to have one isolated decision made available to us. We should have some indication of what the department's policy in defence matters really is.

Mr. Pearkes: I said they were continuing in their present role.

Mr. Hellyer: But for how long? The plane is obsolescent now by the minister's own statements. Surely he does not plan to leave them there indefinitely. That is something I am sure he could not contemplate.

Mr. Pearkes: They will continue in their present role as long as SACEUR has a requirement for them.

Mr. Pearson: Will there be a division now in function between the two parts of the air division, one being the strike fighter reconnaissance role and the other continuing the present role? Will that mean a division in the chain of command inside the division? Will the four CF-100 squadrons be in a different tactical air force from the other eight squadrons?

Mr. Pearkes: No. There is one squadron of CF-100's with each of the four wings, two in Germany and two in France, and under present plans there is no intention of changing that distribution.

Mr. Pearson: Mr. Chairman, I think we now have as clear a picture as we are likely to get of the role and activities of the R.C.A.F. I can only express my great anxiety over the decision which has been made to re-equip our air division in Europe, a decision which has been made after a good deal of consideration no doubt by the government over many months, a decision which seems to have been based not on any actual flying test of the plane that has been picked by Canadian pilots, although there are a good many test pilots with a lot of experience who would have been available apart from the R.C.A.F., but based on considerations which do not require, so the minister says, that kind of test.

Anyway, the minister says that the decision has been made and we must all hope that this particular plane, whatever doubts we may have about its suitability for this role, will turn out to be a suitable plane for the important and responsible new role that the R.C.A.F. is being asked to perform in Europe. I take it that it will not begin the performance of that role for a good many months because the minister has said it will be about 18 months before the first planes are delivered to the squadrons in Europe. Presumably during that period of 18 months or more these squadrons will continue to carry on as efficiently as they always do, with the F-86.

In the future, however, they will have a new function to perform while, on the other hand, the CF-100 squadron will carry on, the minister has said, the function which they have been performing over the years in Europe with efficiency and distinction, as a result of which the Canadian air division, I think, now has the reputation in the NATO forces of being as efficient, as effective and as well trained as any air unit in all of the NATO forces. Nevertheless, it must be quite clear to everyone that the CF-100, while not entirely obsolescent, is becoming less effective as the months go by in the face of the air menace which the NATO forces will have to counter in Europe if there ever is an outbreak of war.

Then, Mr. Chairman, there will be the nine CF-100 squadrons in Canada integrated into the North American air defence command and playing their part as manned interceptors with United States squadrons under NORAD which are or will soon be equipped with planes more modern and more effective than the CF-100 is at the present time. I have already stated my view that the government should be giving a most searching examination to the possibility of a new role for the R.C.A.F. on this continent. It has been suggested in some press quarters that in making the proposal to the government for this kind of re-examination I have been advocating the drastic reduction of the R.C.A.F. The minister will know that it not what I said, even in the question which I asked him. What I do advocate is an examination in order to see if there should not be a drastic reorientation or reorganization of the role of the R.C.A.F. in the defence of Canada, in the defence of the alliance and in the defence of peace.

I have no illusion about the importance of the R.C.A.F. in any form of defence because it is bound to be of the very greatest importance and I think it would be very silly on the part of anyone who believes in collective defence, who believes, as I do, in Canada playing its full part in collective defence and paying its full share of the collective insurance premium, to think that the R.C.A.F. will not have a very important role to perform. But I have suggested that perhaps that role, under new conditions, will have to be altered in the future and that perhaps there are other ways in which the R.C.A.F. could operate effectively, and perhaps in a more Canadian way. I mentioned that we could make our armed units more mobile and air-transportable, but that this would take a good deal of reorganization of the R.C.A.F.

The minister replied to that suggestion yesterday by saying he felt that it would be unwise at this time to use the resources of the R.C.A.F. for that particular purpose, beyond that which it performs now. I am not an expert in tactics or strategy, and if that is the considered view of the minister and his advisers that it would be unwise to make that change at this time, that is how it has to stand. But I do believe that this particular role of continental air defence, operated as it is being operated now by CF-100's, is going to make a less and less important contribution to collective defence in the months and years to come. I do not see how, if we are going to continue to play that role, we can avoid the decision of re-equipping the nine Canadian squadrons of the R.C.A.F. in Canada, because the minister has confirmed the information we have received from many other quarters that in the course of time the bomber will be less and less effective and the missile will be more and more effective. None of these aircraft, even the F-108 which may be in operation a few years from now, will be of the slightest use against missiles. This being the case, perhaps we should be looking ahead for a new role for the R.C.A.F. in common defence.

This was all I had in mind when I mentioned this matter. I have expressed the hope that the government would give that kind of re-examination of defence policy and defence planning, and not prolong indefinitely the kind of operation which has been performed with distinction and efficiency by the R.C.A.F. in the past, but which may not be a realistic participation in Atlantic defence much longer. I would have thought, I thought and I still think, that if we could have had a committee to go into this whole question of the role, not only of the R.C.A.F. but the other armed forces in the common defence, to which we could have called witnesses, we would have been in a better position to make the right kind of defence decisions in this parliament than we are now. I think we have had a vindication of that view this afternoon in the kind of discussion we have had about the $200 million to be expended for airplanes for the air division overseas.

However, Mr. Chairman, I am quite sure that whatever role the government may give the R.C.A.F., whether or not it is the most effective role in the present circumstances —and we have some doubts about that—it is bound to be an important role and it is bound to be carried out with efficiency and devotion.

Mr. Hellyer: Before we carry this item, Mr. Chairman, there are a few further questions we have to ask. On the first item, I think it was, I asked the minister about the R.C.A.F. and civilian employees at Avro and Orenda. He said the question would be answered when the air force officials were in front of him.

Mr. Pearkes: Yes. As stated in *Hansard* for May 27, there were 50 Department of National Defence civilians and 47 service personnel at Avro and Orenda. They were employed as follows: Against the Arrow contract, 37 civilians and 12 service personnel; against the CF-100 contract, 13 civilians and 35 service personnel. As of June 30, the position is as follows: Against the Arrow contract, 20 civilians and no service personnel; against the CF-100 contract, 13 civilians and 35 service personnel. The D.N.D. civilian employees still at Avro and Orenda against the

Arrow contract are being reassigned as fast as their work relative to the termination of the contract is completed and new employment can be found for them.

Mr. Hellyer: I wonder if the minister could tell us which air force division the radar defences on the British Columbia coast come under.

Mr. Pearkes: All the radar defences are under the air defence command with headquarters at St. Hubert.

Mr. Hellyer: Do we have any combat operations centres in Canada which are not manned primarily by Canadians?

Mr. Pearkes: Yes; there are a number of radar stations which are not manned by Canadians and there are the squadrons on the Labrador coast which are made up of United States personnel.

Mr. Hellyer: Could the minister tell us if there was a combat control station on the British Columbia coast which was recently taken over by the United States because we did not have satisfactory equipment for handling the signals coming in from our radar stations, and were not able to process the signals quickly enough for the NORAD command? Consequently, we had to allow the United States to take over that station because of the equipment not being replaced?

Mr. Pearkes: So far as I know, there has been no change made.

Mr. Pearson: I suppose this is the item upon which we ask any questions we may have to ask on the early warning systems. I should like to ask the minister one or two questions on this very important part of our continental defence system, because however we may feel about the relative importance of continental defence as a protection for communities and areas, and as a protection of the bases from which the deterrent can operate, the fact remains that either of these two aspects of continental defence will be ineffective unless we have an efficient early warning system. This has been the reason for spending the millions and millions of dollars that have been spent by both countries on the three lines, the Distant Early Warning line, the Pinetree line and the Mid-Canada line, the expense of which has been shared between the two countries.

We know now that while these lines are, I think, reasonably effective in giving warning of an attack by bomber aircraft—reasonably effective because it is idle to think they will ever be 100 per cent effective, they are mechanical after all—which was the original purpose otherwise they would not have been built, they are not of any value at all in respect of giving warning against attack by intercontinental ballistic missiles. The government of the United States, therefore, proposes to spend billions of dollars on a ballistic missile early warning system, in spite of the fact that growing bodies of expert and political opinion in the United States are questioning the wisdom of these astronomical expenditures. Even if they are successful, they will only give about 15 minutes, though that 15 minutes may be very important. I gathered from the minister's remarks yesterday and the day before that Canada is not going to participate directly in these expenditures, and I think if that is the decision it is a very wise decision. We do not know where it is going to lead us in terms of expenditure and in terms of mechanical results.

However, I am worried also about a growing body of technical criticism against the effectiveness of this whole continental effort, because it is continental, whether we participate in it in one form or another. As I mentioned in the statement I made the other day, criticism has been made of this effort by a man who, the minister will agree, is as great an expert in the field of radar as anyone alive, namely Sir Robert Watson-Watt, who is the man perhaps as responsible for the victory in the Battle of Britain as any other single individual because of what he did in the 1930's to make radar detection possible. He has been saying in the United States and in Canada that we are wasting our money and wasting our effort in attempting to secure an early warning system that will be effective in any real sense against the new methods of attack. He is quoted in the press of May 27, 1959 as saying:

> —that the present radar defence system is "far advanced toward obsolescence". The British radar expert also contended in this article that the new extension of the DEW line, the ballistic missile early warning system (BMEWS) which uses three stations each with a five thousand mile radar sweep to give a 15-minute warning against ballistic missiles, is "at best, a very expensive way to get a still inadequate warning".

I wonder whether the minister can give us some information which will be a little more reassuring as to the value and effectiveness of all the work that has gone on and is likely to go on in this vitally important field of early warning.

Mr. Pearkes: I agree with the Leader of the Opposition that this is a vitally important field, and we must endeavour to obtain those early warnings both for the protection of our own people and for the protection of the retaliatory forces in the United States.

The DEW line and the other systems were never designed to be effective against a missile; they were designed to be effective

against the bomber. Innumerable tests have been carried out on these lines and they have proved extraordinarily effective in locating the type of target which we believe the Russians would be able to use against this continent in the form of manned bombers. Improvements have been and are continually being made in the actual instruments which are being used on the DEW line. The DEW line has been extended out into the ocean now linking up with the similar warning systems in Europe. I think I can say definitely that a very high degree of reliability can be placed in our DEW line and warning system in giving information about the approach of hostile bombers.

With regard to detection stations which are being erected by the United States—not in Canada—Canada is not making any direct contributions toward those. We are having research work done in order to detect objects which are in the atmosphere, and the results of the experiments and research work which are carried out are passed on to the United States; but there is no direct expenditure in these estimates toward the construction or the maintenance of the BMEWS systems.

Mr. Pearson: I am glad to get that information from the minister, but, it is reassuring only to the point where it confirms that we shall have some warning against bombers if they ever were loosed against this continent; perhaps enough warning to scatter to the hills. But against missiles, in spite of all the work that may be done in the future, the best we can really hope for is about 15 minutes. That will mean much from the point of view of getting a retaliatory force into the air. It will not give much comfort to the 200 million people on this continent that they have 15 minutes to escape destruction and grope for survival while the retaliatory force is on the way to the enemy and putting the 200 million people in that country in the same position. That is about the best we can hope for if we ever allow this sort of thing to happen.

Can the minister give us some information about the actual administration and operation of the DEW line? He said that it is now under the operational control of the R.C.A.F. Can he tell us how many R.C.A.F. officers there are in the DEW line and what they are controlling? It has been suggested—among others, by the Prime Minister—that the situation in the DEW line in regard to protection of Canadian sovereignty is much better than it was a couple of years ago. Has the minister any information on this point? It is my own view, and it is confirmed by the information I have been able to receive in answers to questions on the orders of the day, that there is no change whatever in the last two and a half years in the legal and jurisdictional position of control of the DEW line, and that the rights of sovereignty which were reserved for Canada in the original agreement—and they are there in black and white—have been sufficient during the years to ensure that our sovereignty is respected. Perhaps the minister can give me some information about operational control of the DEW line.

Mr. Pearkes: There are four main centres in Canada of the DEW line as well as a number of satellite installations to those four centres. Satellite installations are mainly automatic. The information obtained either from the main station or from the satellite stations is filtered through into an operational room at these four main centres. Until January 1 of this year the United States air force officers had the operational control of those control rooms; they were in charge of those rooms. As the information came in, it was filtered through to them, and they made the decision as to what information would be passed back to NORAD or to the air defence command of Canada. Since January 1 the R.C.A.F. officers have taken over those control rooms, and there is a United States liaison officer only at the control rooms. Our sovereignty is respected in full in those Arctic stations.

Mr. Pearson: May I ask the minister whether he feels a bigger role could be played by the R.C.A.F. in the Arctic areas in the field of reconnaissance, supply, and all that kind of thing, or is the R.C.A.F. doing everything that the government feels should be done now.

Mr. Pearkes: The R.C.A.F. and the Department of Transport are principally responsible for the supply of all the Arctic stations. They are doing the major portion of that. Some civilian companies do supply some of the DEW line stations. Of course, the DEW line is operated and maintained under contract. It is the Federal Electric Company which operates that line, and the contract is with the U.S. air force, and they are paying the contractor. Under the agreement, Canada can take over the running of that line at any time Canada feels it is desirable to do so.

Mr. Pearson: It costs $65 million a year.

Mr. Hellyer: Mr. Chairman, the Leader of the Opposition has mentioned the difficulty of developing a warning system which will give us any warning of intercontinental ballistic missiles. If, however, a warning system can be developed which would give us a few minutes, there is the very urgent

and important matter of developing a defence against those missiles. Of course, it is commonly recognized that the western world must develop an anti-missile missile, and the United States is engaged in that development work at the present time.

There is another possibility, however, and I have here a clipping from the Ottawa *Citizen* of March 19, 1959, with reference to three high level explosions which were performed by the United States some time last summer with the idea that an electric shield or radioactive shield would be formed around the earth's atmosphere. I realize this would be highly classified information, but I wonder if the minister could tell us anything at all which would indicate if these tests show any promise of a military application in the defence against intercontinental ballistic missiles?

Mr. Pearkes: I am sure the hon. member knows it would be quite impossible for me to disclose the results of tests which were carried out by an ally in another country.

Mr. Hellyer: My next question will be directly referring to the Royal Canadian Air Force, Mr. Chairman, and the minister will have a clear conscience in dealing with it as fully as he sees fit. Can the minister tell us if the hazard or jump pay for the Royal Canadian Air Force has been eliminated?

Mr. Pearkes: I do not know whether that is the case or not, but I will get the information shortly.

Mr. Benidickson: After that reference to the jump pay I wonder if I might get back to the question of the new role of the R.C.A.F. in Europe and our NATO relationship. Presumably our new equipment would be such that if the French persist in their decision about changing the agreement with the United States with respect to atomic warheads being under their own direction and storage, it would inevitably involve a transfer of the Canadian squadrons out of France. If that is so, would the cost of re-establishing bases for Canada be at the cost of Canada, or would that be within the general infrastructure of NATO itself?

Mr. Pearkes: I think I answered that question earlier when I pointed out that there are alternative bases in France and Germany, and that if it is necessary as a result of international developments for the squadrons of the R.C.A.F. to move out of France, there are places where they can go to. But they are not equipped with nuclear weapons at the present time and will still be supplied through the United States pipe line.

[Mr. Hellyer.]

Mr. Pickersgill: Mr. Chairman, I would like to ask the minister if he could give me a list of the R.C.A.F. establishments in the province of Newfoundland?

Mr. Pearkes: May I refer the hon. gentleman to the white paper wherein he will find all that information.

Mr. Pickersgill: Could the minister give us the details about what the R.C.A.F. has at Gander?

Mr. Pearkes: Yes. At Gander there is an aircraft control and warning unit with a ground observer corps detachment, and an R.C.A.F. movement bureau.

Mr. Granger: I wonder if I could call the minister's attention to the fact that the huge airport at Gander seems to be used very little by the R.C.A.F., to the extent that I believe they have very limited facilities and very limited equipment there. In view of the general belief that in the event of hostilities submarines will play a very important part, Gander's geographical position, which places it east into the Atlantic for several hundred miles—I would say, closer than any other airport—must make it an ideal place to base the R.C.A.F. spotter planes. At the same time I would like to mention that Gander, despite its huge runways and other facilities, does not have a large hangar capable of servicing a modern jet aircraft.

Mr. Pearkes: I thank the hon. member for bringing that information to my attention, and we will look into it further.

Mr. Hellyer: I have two or three more questions—

Mr. Pearkes: Might I reply to the question about risk pay. There has been no discontinuance of this for air crew nor jump pay for para-rescue personnel.

Mr. Hellyer: I would like to ask the minister if I understood him correctly earlier when he told the committee that no F-104G had been test flown? May we draw the conclusion that no F-104G has not in fact been produced in its entirety as yet?

Mr. Pearkes: I understand that the F-104G has not been flown yet. There are certain improvements and strengthening to the wings which are being carried out. The F-104G is an improved version of the F-104C which has been flown frequently and thoroughly tested.

Mr. Hellyer: Is the minister satisfied, however, that it will be thoroughly stable on the basis of the wing modification which he is talking about but which has not yet been tested in actual flight?

Mr. Pearkes: I am assured by the technical staff of the R.C.A.F. that there will be a stable platform so far as the F-104G is concerned.

Mr. Hellyer: Were we also correct in assuming that the R.C.A.F. did not consider the possibility of using the F-105 Thunderchief?

Mr. Pearkes: The R.C.A.F. carried out a thorough investigation on the F-105 Thunderchief, but for the reasons I have already given this aircraft was not selected for the re-equipment of the air division.

Mr. Peters: I would like to ask the minister how the developments are coming along in the matter of getting an international agreement, or even a continental agreement, on calibrations for bullets and other types of weapons, in particular between the United States and Canada, and if there has been any agreement on that matter?

Mr. Pearkes: I think the hon. gentleman is referring to the standardization which I have already referred to in this debate. There is an effort by the NATO council to get as great a degree of standardization as we can. I am pleased to say we have a Canadian officer who is acting as chairman of that standardization committee of the NATO forces. Some progress is being made, particularly in the field of small arms, but I cannot be too enthusiastic about it and I cannot say that everybody is adopting the same weapons for all the branches of their national forces, because they are not doing so. The national interests clash in this respect, and to achieve standardization is difficult.

Mr. Peters: With regard to the plane we are buying from the United States, for instance, the Lockheed, will that be equipped with cannons and other weapons which will be interchangeable with those used by the United States air force?

Mr. Pearkes: They will be interchangeable with those of United States air force squadrons armed with the same equipment, in exactly the same way as they will be interchangeable with those of German squadrons equipped with this particular type of aircraft. This was one of the considerations which caused the government to decide on the 104.

Mr. Peters: May I ask the minister if in the case of the Garand rifle the bore is of a Canadian calibre or not? I understand that the service is being re-equipped with this type of weapon.

Mr. Pearkes: It is not the Garand rifle; it is the FN rifle, which is made in Canada and which is equipped with ammunition made in Canada. Certain of our allies use that calibre. It is really based on a Belgian rifle.

Mr. Peters: Does it use .303 ammunition?

Mr. Pearkes: It does not use .303 ammunition; it uses ammunition of another calibre.

Mr. Hellyer: I wonder if the minister could tell us what is the authorized strength of the R.C.A.F.?

Mr. Pearkes: Fifty one thousand.

Mr. Peters: I should like to ask a question with regard to this matter of Bomarc missile bases and the establishment of these bases. Is Canada giving any consideration to relocating these particular bases so that the point of contact will no longer be over the major cities of western Canada? I think it is well understood that the United States have most of the Bomarc bases on their territory, and the only two which are situated in Canada are parallel with the United States bases. Geographically, Canada dips down below that parallel, so we have two of the bases in Canada on roughly the same parallel as the United States, which leaves us in the position that if there should be an attack, Canadian cities, rather than being protected, are going to be near the points of contact; if the range is to be 200 miles, the cities of Winnipeg, Regina and Vancouver would be among those exposed. In these circumstances, has some consideration been given to recommending to the United States that they should use a missile with a much longer range or that the sites of these bases should be changed so that the point of contact would not be over major Canadian cities? It seems to me it is going to be of little comfort to the people who are living in these cities if they know that the point of contact is somewhere over their heads and that instead of being defended, the fallout alone would probably be sufficient to eliminate them in the event of attack.

Mr. Pearkes: The range of the Bomarc B, the type of Bomarc missile which will be fired from the stations along the Canadian border, will have a range very considerably greater than the one mentioned by the hon. member and will give protection to all the major cities of Canada.

Mr. Hellyer: I wonder if the minister would tell us if there are any trades and professions in the R.C.A.F. which are not up to strength —doctors, engineers, and so on.

Mr. Pearkes: No, I am informed that the R.C.A.F. is well up to strength in all its branches.

Mr. Hellyer: Was the total ceiling for the three forces increased in the last two years and, if so, to what extent?

Mr. Pearkes: No, there has been no change since 1955.

Mr. Hellyer: Am I correct in thinking that the ceiling limit was 120,000?

Mr. Pearkes: That is correct, without cadets and apprentices.

Mr. Hellyer: And your figure of 120,800 at the end of December of last year included cadets?

Mr. Pearkes: That is right.

Mr. Peters: Can I ask the Minister of Defence what happens to the CF-105 now? What are we going to do with it? Does it become a museum piece, or can we get some value out of the planes that we built?

Mr. Pearkes: That aircraft has been declared surplus by the Department of National Defence and is now for disposal by the Crown Assets Disposal Corporation which is administered by the Department of Defence Production. The responsible minister will be able to inform the hon. member as to the disposal which is being made of this aircraft when his estimates come before this committee.

Mr. Pearson: That reminds me about a question which I did raise earlier with regard to the possible use of the Iroquois engine in any of these planes that were under consideration. I think the question was whether in connection with any of the other planes which were under consideration it was indicated that they might use the Iroquois engines, and I believe it was said that one of them could use this engine not only in its Canadian but also in its United States production.

Mr. Pearkes: The possibility of completing the development of the Iroquois and the possible use of this engine in some other aircraft was considered, but the Iroquois has not been completed to the stage when a firm decision could be made to use that engine within the time limit required.

Mr. Hellyer: Earlier the Leader of the Opposition asked the minister about the cost of the new plane and its engine, and the minister referred us to the Minister of Defence Production. With deference, I do not think we should be asked to turn our attention to a minister who is not responsible for the appropriation but who is merely responsible for the actual contractual arrangements and the purchase of the aircraft. This air force appropriation includes any expenditures which will be required for the aircraft, its engine and its armament and I think we have the right to expect the minister to tell us what these proposed expenditures are.

Mr. Pearkes: Five million dollars are provided in these estimates for expenditures this year connected with the requirements of the air division. The total contract is being worked out by the Department of Defence Production and the minister from whom the hon. member should obtain the information which he is seeking is the Minister of Defence Production.

Mr. Hellyer: I do not agree. There is a later item of $1 which gives the Department of National Defence the right to make forward commitments. Surely we should know what the forward commitments are. We should not be asked to sign a blank cheque which is what the minister is proposing at the present time.

Mr. Benidickson: The minister indicated that the state of development of the Iroquois engine was not such that it could be considered for use in the program that has been outlined with respect to the purchase of this new aircraft. I take it from his remarks that the development work has not ceased. What is in the estimates with regard to the Iroquois engine?

Mr. Pearkes: There is no item in this estimate for the further development of the Iroquois engine.

Mr. Benidickson: The work ceased at the same time the stoppage of the aircraft occurred?

Mr. Pearkes: It has ceased unless the company is carrying on itself.

Mr. Hellyer: In the white paper there is mention of certain expenditures with regard to the Avro Arrow and its components amounting to $50 million or $60 million. What are those sums for?

Mr. Pearkes: Charges for cancelling the contract.

Mr. Peters: Across the country there are large numbers of what we used to call emergency landing fields with which nothing has been done for some time. These come under the jurisdiction of this department. These used to accommodate the landing of Tiger Moths and even planes of the size of Norsemen and Ansons. The weeds are growing profusely in these fields. Is it the intention of the department to turn these back to the municipalities from which they were purchased? These fields are grass runways used as emergency fields supplementary to other major fields.

Mr. Pearkes: I think the hon. member is referring to fields which were used by the

Department of Transport or the Department of National Defence during the war and have since been declared surplus, some of which have been taken over by the Department of Transport and others of which have been declared surplus and are no longer considered operational.

Mr. Benidickson: Reference has been made by the minister to an item in the over-all estimates of $50 million-odd that is available for expenses resulting from the cancellation of the Avro Arrow aircraft. These estimates were prepared last fall and were tabled in the house in January. How would the government at that time have any idea that it would require $50 million-odd for the purpose of the cancellation of this contract?

Mr. Pearkes: When it was announced that the development of the Arrow would not be proceeded with it was decided that this provision would be made in the estimates to carry on after March, when it was decided to go on until such time as the supplementary estimates could be put through. The decision turned out not to be to continue, and that money may be used to cover cancellation charges.

Mr. Hellyer: There is something that worries me about all of these estimates and that is the disproportion between expenditures for equipment and other expenditures. The expenditures for equipment this year are a lower percentage of the total estimates than they have been in previous years. In a day of technological advance, at a time when every manufacturing organization is increasing the ratio of capital to manpower, we find that the Department of National Defence is following a reverse pattern and spending more money on overhead expenditures and less money on equipment. Surely if the department is going to maintain all these people, telling us that they are necessary to continue with our share of the defence of the western world, they should be equipped. We are not at all satisfied that the ratio of equipment being supplied to our men is getting smaller and that the other expenditures are getting larger. We call this to the minister's attention and feel that if he is going to return next year and ask for this much money he should have established a better proportion between the expenditures on equipment and other expenditures.

Item agreed to.

222. Construction or acquisition of buildings, works, land and major equipment, $249,313,000.

Mr. Pickersgill: Mr. Chairman, I should like to ask the minister two questions. How much of this total sum is being spent in Newfoundland and how much in the Atlantic provinces?

Mr. Pearkes: As far as construction in Newfoundland is concerned there is an expenditure of $465 million for station development at Gander. Oh, I am sorry. I should have said $465,000.

Mr. Pickersgill: I was becoming interested at this point.

Mr. Pearkes: The figures are as follows:

Location	Amount	Purpose
Torbay	$ 290,000	Station development.
Gander	465,000	Station development.
Goose Bay	473,000	Station development.
Goose Bay	100,000	Houses and schools.

At Gander a drill hall and recreational hall have recently been converted to a combined mess and quarters for the airmen.

Mr. Pickersgill: I asked for the global expenditures, not just construction. I suppose there is nothing else but construction in Newfoundland but I assume in the Atlantic provinces generally that there are some other expenditures besides construction.

Mr. Pearkes: Construction in the Atlantic provinces as a whole amounts to $13,979,000.

Mr. Pickersgill: Could the minister give the amount of the total vote, not just construction? This includes land and major equipment. I am interested in the total expenditures in the Atlantic provinces.

Mr. Pearkes: I am afraid we do not keep our books in that way, so far as the procurement of equipment is concerned.

Mr. Dumas: Can the minister tell the committee if his department has received a request from the town of Val d'Or asking that it contribute to the cost of paving that part of the road from the subdivided part of the town of Val d'Or to the military airport and the air force establishment?

Mr. Pearkes: We have had such a request, I believe, and the matter is under consideration at the present time.

Mr. Dumas: Is there any amount provided in the estimates for this work?

Mr. Pearkes: No, Mr. Chairman, there is no special item included in the estimates for that.

Mr. Dumas: In view of the fact that the road is used extensively by the R.C.A.F. I should like the minister to give further consideration to the matter and recommend that his department participate in at least some of the cost of paving the road to the airport.

Mr. McIlraith: Mr. Chairman, this item for construction or the acquisition of buildings, works, land and major equipment is in the amount of $249,313,000. Last year's estimate for the corresponding item was in the amount of $317,605,000. When I look at the details of the estimates on page 314 of the blue book I find under the item "major procurement of equipment" that aircraft and engines comprise some $164,817,000 while last year's estimate under this heading amounted to $246,929,000. In other words, the total decrease in the amount asked for in the estimate appears to be taken up in the one subheading, aircraft and engines, and it represents some $82 million in that one subheading alone. I presume that a great part of that reduction results from the cancellation of the Arrow contract. I wish to ask the minister this question. Does the procurement of the Lockheed aircraft which we have been discussing earlier today envisage any added expenditure over and above that forecast in these estimates?

Mr. Pearkes: No, it is not the intention to put in any supplementary estimate for any further expenditure connected with the F-104. The expenditures envisaged this year are included in these estimates.

Mr. McIlraith: In this item.

Mr. Pearkes: In this item.

Mr. Benidickson: On this very point, following my last question and the question of the hon. member for Ottawa West, the amount asked for in the blue book of estimates tabled in January was about $165 million. How much of that was for aircraft and engines with respect to the CF-105?

Mr. Pearkes: The total amount for fighter aircraft was $46,750,000.

Mr. Benidickson: I may be confused on terms, but the minister referred to appropriations for fighter aircraft. My question was directed specifically to appropriations for the CF-105 which we more normally call an interceptor aircraft.

Mr. Pearkes: I am told that for this fighter aircraft $45 million is shown in there for cancelling the 105.

Mr. Benidickson: That was not my question. I want to know the total amount anticipated to be spent on the Arrow aircraft, which is part of the $165 million.

Mr. Pearkes: Forty-five million dollars.

Mr. Pickersgill: When that item was brought before us in January there had been no cancellation of the contract. Can the minister tell us what that was for when it was put there?

[Mr. Dumas.]

Mr. Pearkes: I understand that less than 10 months ago—I am sorry that the hon. gentleman was not here—

Mr. Pickersgill: I have been here all the time but I did not understand.

Mr. Pearkes: I am sorry if his attention was otherwise directed. The amount of money was made available either to continue with the development of that aircraft after March and before the estimates could be dealt with or for the charges which would be incurred because the contract was cancelled.

Mr. Benidickson: I understand that but I want to follow that up with this question. This estimate was presumably submitted to treasury board in December and was submitted to the House of Commons in January of 1959. It would have had regard to the Prime Minister's statement of September when he said that the cabinet was giving consideration to the question of continuing or discontinuing the Arrow program. But the decision to cancel the Arrow program was actually reached six weeks prior to the estimated time of decision given by the Prime Minister in September. As I understand it, he intended to make the announcement at the end of March and he made it about the middle of February.

Mr. Pickersgill: February 20.

Mr. Benidickson: Can the minister give us a brief summary of what utilization has been made of this $45 million? How much of it was spent on the normal progress of development of the aircraft and the engine up to the time of cancellation, how much has been spent for cancellation charges and how much additional does the minister expect he will still have to pay with respect to cancellation obligations?

Mr. Pearkes: This amount of money would have been spent had the development of the Arrow gone ahead after April 1. Because the aircraft was cancelled on February 20 none of this money was spent between then and March 31. This money is available to meet charges involved in cancelling the contract, and as far as I know at the present time it is adequate to cover expected charges for cancellation.

Mr. Benidickson: We are now more than three months into the current fiscal year. Has the minister any information as to how much of this $45 million has already been disbursed for cancellation obligations?

Mr. Pearkes: We do not know the exact amount because the process is still going on and the bills will be received through the Department of Defence Production.

Mr. Benidickson: Negotiation in this respect is under the Minister of Defence Production?

Mr. Pearkes: That is correct.

Mr. McIlraith: I want to ask the minister if this is not to some extent misleading in that in this part of the estimates we are dealing with expenditures for the procurement of equipment for the Department of National Defence. I always had the impression that expenses with respect to the termination of contracts appear in an item in the estimates of the Department of Defence Production. Is that not correct?

Mr. Pearkes: I understand that is not correct. The amount for the cancelling of this aircraft is included under this item.

Mr. McIlraith: Then what has the item for termination of contracts under the other department covered in past years? What I want clarified is the change in accounting methods.

Mr. Pearkes: I am told that there is no change from the methods used previously and that as far as the Department of National Defence is concerned, which has to pay the bills for cancelling contracts, the money is always provided under the estimates of the Department of National Defence.

Mr. Benidickson: Mr. Chairman, I recall meetings of treasury board to which I was invited when estimates were being presented. Each department came forward with many big black books containing complete details so that if any questions arose at treasury board concerning the general items that appear in the blue book of estimates they could be answered. I recall also that the same books are usually brought by the minister to the house for the same purpose of giving explanations in detail of individual items in answer to questions asked in committee of supply.

I wonder if the minister would be able to give the committee the information that would be in that book explaining the $45 million item. There would be a text alongside the request for $45 million indicating what its purpose was and the likelihood of being able to spend it, and so on. Has the minister now, as is the usual practice, got these sheets in front of him, and can he read to the committee what the explanation was and indicate if an explanation was requested at the treasury board meeting?

Mr. Pearkes: There is no further information that I have available, other than what I have already given. There is the $45 million for this purpose and there was a million and a half which was included to wind up the CF-100 program. This accounts for the balance of the item, in addition to the amount which I stated a few minutes ago as being available for the procurement of an aircraft to replace our F-86.

Mr. Pickersgill: As the minister knows, I was a member of treasury board for several years, and what I would really be interested in knowing is what explanation was given to treasury board as to why $45 million rather than $50 million or $60 million, was needed? Evidently the fate of this aircraft was uncertain, as was indicated last September, and how did the department arrive at the $45 million, what was the basis of their calculation last December, before they knew what they were going to do?

Mr. Pearkes: There was $5 million on development and $45 million in the other respect. This was arrived at on the basis of experience as an estimate of what the charges might be. It was purely an estimate at that time. There was some information available as to what might be the charges, and this preliminary sum was in either for the purpose of carrying on until a supplementary estimate could be presented or until the cancellation charges were made. It would appear at the present time it was a fairly accurate estimate.

Mr. Pickersgill: The minister talks as though in December there was an estimate on the basis of the contract being cancelled, and that is the point I am trying to settle. In December the country did not know and parliament did not know and, according to the best evidence that we have been given, the government did not know whether it was going ahead with this plane or whether it was going to cancel it. The explanation the minister gives seems to indicate that the minister knew in December it was going to be cancelled.

Mr. Pearkes: Surely, I have explained several times it was a provision made for either alternative, to cancel or to continue; that was the basis upon which this amount was estimated.

Mr. Hellyer: Before the item carries, Mr. Chairman, the minister referred the other day to runway extensions for Canadian air bases to make them more suitable for temporary or other use by the United States air force fighter squadrons. I wonder if he could tell us if there is any money included in this vote for extension of runways to facilitate their use by United States air force fighter squadrons?

Mr. Pearkes: There is no money in these estimates for any special extension of runways. There is the usual money available for the maintenance of runways.

Mr. Pearson: May I ask the minister whether there has been any increase in United States air force activity in Canada since his estimates were last before the committee?

Mr. Pearkes: There has been no change or practically no change in the number of United States personnel stationed in Canada. However, as was announced late last year or early this year, facilities are being provided for refueling bases at four airfields for the SAC bombers. The money is being spent by the United States to extend the runways at these four bases so that United States refueling tankers could be placed there, if necessary, in order to refuel these SAC bombers.

Item agreed to.

Defence research and development—
Defence research board—

223. Operation and maintenance, $21,924,603.

Mr. Hellyer: I think the minister should explain to the committee what the present projects of the defence research board are, and why he feels it advisable to reduce the amount of money available to the defence research board for their scientific projects.

Mr. Pearkes: There has been no reduction in the amount of money made available to the defence research board for research purposes. You will notice, on the other hand, there has been an increase of $1,659,087. There has been a reduction in development, and the money is not being required for development because the Arrow was cancelled.

Mr. Hellyer: It is true the total amount of money available to the defence research board for development and scientific projects has been reduced, according to page 51 of the white paper, from 4.7 per cent of the total defence expenditure in 1958-59 to 3 per cent in 1959-60.

Mr. Pearkes: That is correct, and that is reflected in the blue book on page 43 where, for the research side of the defence research board, there is shown an increase, but there has been a corresponding decrease in so far as development is concerned because the development of the CF-105 is not being continued.

Mr. Pearson: Mr. Chairman, since we have now begun to discuss these things together, and it is very difficult to separate them, the minister has mentioned that the reduction of $34 million in development—I think that is the figure—is due to the decision not to proceed with the CF-105. Does that account for the whole of this decrease in development?

[Mr. Pearkes.]

Mr. Pearkes: That is correct; there is no decrease in development shown except for the CF-105.

Item agreed to.

225. Development, $21,565,000.

Mr. Hellyer: The minister did not reply to the question I asked him about some of the major developments which are being carried on by the defence research board. Could he give the committee some information about the things which they are doing and about the future possibilities which may develop from them?

Mr. Pearkes: Yes. I did not reply to that because I had given it in considerable detail in my opening remarks the day before yesterday.

Mr. Hellyer: I listened very carefully, but I did not hear very much.

Mr. Pearkes: Would the hon. member like me to read this again?

Mr. Hellyer: Give some additional information.

Mr. Pearkes: This covers the main features, plus what is in the white paper. This covers the major developments. So far as research is concerned, the most important projects are those connected with upper atmospheric physics, aerophysics and explosive physics. This research is being conducted jointly with the United States. That is the development of the technique of locating and tracking objects in the upper atmosphere. Other important branches of the research work deal with the detection of submarines, and is a big effort made by the defence research board with their special stations for development of underwater detection in Nova Scotia, Halifax, Shelburne and at Esquimalt in British Columbia. High priority is given to that particular work.

Mr. Hellyer: I could not hear too clearly, Mr. Chairman. Did the minister indicate how the board was coming along with the development of the satellite which we had been told would be launched sometime in the future.

Mr. Pearkes: The government of Canada and the defence research board are working closely with the United States in the provision of certain instruments in connection with a satellite which is to be launched in the future.

Item agreed to.

226. Services and facilities supplied to the Department of National Defence by the Department of Transport, $3,412,659.

Mr. Herridge: Will the minister explain to the committee what type of services and

facilities are provided by the Department of Transport to the Department of National Defence under this item?

Mr. Pearkes: Entirely meteorological services, reporting on the weather conditions which, of course, are of utmost importance for our R.C.A.F. planes.

Item agreed to.

Mutual aid—

227. Contributions to infrastructure and military costs of the North Atlantic Treaty Organization and the transfer of defence equipment and supplies and the provision of services and facilities for defence purposes in accordance with section 3 of The Defence Appropriation Act, 1950, not exceeding a total of $90,000,000 including the present value of defence equipment or supplies or the cost of services made available by the Canadian forces estimated in the amount of $68,150,000 and provided by appropriations for those forces in the current and former years in respect of which, notwithstanding subsection (3) of section 3 of the said act, no amount shall be charged to this appropriation or paid into a special account;

Provided by this vote, $21,850,000.

Mr. Pearson: Mr. Chairman, this is a figure for mutual aid. It shows a decrease of $1,000,000. The figure is now $21,850,000. The minister will recall that a few years ago mutual aid was one of the most important contributions we made to collective defence under NATO. The amount used to be $150 million to $200 million or so in those days. It is now to $21 million. Can the minister give us a breakdown of this $21 million so we will know how it is being spent?

Mr. Pearkes: Yes. Of course, there are three main reasons why there is a considerable reduction. First of all, the forces of our European allies are being built up and are being equipped by their own efforts, and are in a better state of preparedness than they were a few years ago.

The second consideration is that a few years ago we had large surpluses of arms and equipment of various types which we could readily make available to our allies. Now the majority of those surpluses has already been disposed of and the equipment which we now make available to our allies has either to be refitted or even purchased. Since we have urgent need of equipment ourselves, we cannot very well be making equipment and buying equipment to give to our allies.

The third reason for the reduction is the cessation of the training of NATO pilots.

I have here a breakdown which has been prepared in these books. The amount for mutual aid this year is $350,000 as against $1,500,000 last year; that is, the procurement of new equipment to give away to our allies. The transfer of equipment from service stocks last year was $98 million. As I said, that source is rapidly drying up, and we are giving away $60,114,000 this year. NATO air training; the training of the air crews from our NATO partners has dropped by $1 million, from $9 million to $8 million. Then, the contributions to infra-structure—that is, the overhead expenses connected with NATO installations in Europe, of which we pay a percentage—remains at the same $21,500,000.

Mr. Pearson: The minister has shown that the figure for mutual aid by way of transfer of stocks or new equipment to NATO countries, and by way of air training and contributions to infrastructure, comes to $90 million. Then there is a reduction of $68 million—I am now looking at page 317 of the estimates book—and he gets the amount provided by this vote of $21 million. I wish he would explain to me by what process of budgeting that amount of $90 million is reduced to $21,850,000 in this particular vote.

Mr. Pearkes: I am informed that the provision for the air crew training is in the service vote concerned, and the transfer of equipment is also in the vote of the particular service. Therefore, you get the figure that I have already given.

Mr. Pearson: That means that our mutual aid appropriation this year, in one vote or another in these estimates, is not $21 million but $90 million.

Mr. Pearkes: That is correct. The total for mutual aid is $90 million and it is made up in the ratio that I gave, namely $350,000 for procurement; transfer of stocks, $60 million odd; air crew training, $8 million; infrastructure, $21 million, all of which adds up to the $90 million.

Mr. McIlraith: Mr. Chairman, dealing with the $60 million just mentioned by the minister, I see in the details "aircraft and engines, $50 million". Under what item of the estimates is that to be found?

Mr. Pearkes: Transfer of equipment from service stocks amounts to $60,144,000. The principal items are aircraft and engines, $51 million. These include seventeen of the tracker aircraft with spares; ten CF-100 aircraft with initial spares; a quantity of aerial engines and spares and supports for the F-86's which are the aircraft which had been previously transferred to Greece and Turkey. There is an item for armament equipment, $6,844,000; ammunition and bombs, $1,700,000.

Mr. McIlraith: I thank the minister for the information but that was not quite my question. My question was concerning the item

of $51 million which he has just indicated for aircraft and engines. In what item of the estimates is it to be found?

Mr. Pearkes: This is equipment which, of course, has already been bought and paid for which we are giving away. There is no item in these estimates to procure that additional equipment; it is equipment which is already held by the R.C.A.F. which is considered surplus to requirement, and therefore we can give it away valued at the amount which is quoted.

Mr. McIlraith: Thank you; that is the point I wanted to have cleared up.

Mr. Pearkes: I am sorry I did not quite gather the question.

Mr. Pearson: Before the item is carried, Mr. Chairman, there is an amount of some millions of dollars for the Canadian contribution to infrastructure. I know something of the difficulties surrounding infrastructure of NATO, and I wonder if the minister could give us some indication of how this is working out? We are spending a good deal of money on this and on NATO military headquarters, and we are doing it at a time when I should think the whole infrastructure concept is pretty shaky in the light of the attitude of the government of France toward participation in NATO. I wonder if the minister could say something about that?

Mr. Pearkes: I believe Canada pays about 6 per cent of the total budget. The budget is prepared by the military commanders and submitted to the NATO council, and it is approved annually at meetings in Paris which usually take place, as the hon. Leader of the Opposition knows, sometime in December. A good deal of the construction work has been completed, and much of this now is maintenance work. That embraces all kinds of establishments which are maintained, barracks and so forth, in the various countries. I saw recently that development is going on in Sardinia where for example they have a NATO bombing range. The expenditures are supervised by the council of the NATO countries. The accommodation we are provided with is being well maintained. The troops both in Germany and in France are comfortably located, and I think I should say that we are now receiving satisfaction from the amount of money which is being spent under this general heading of infrastructure.

The amount which we pay, as I say, is approximately 6 per cent of the total amount, and this is an estimate of what is likely to be incurred during the year. It is the same amount as was made available for this purpose last year. I am not quite in a position to say whether all that amount was spent last year or not, but it was approximately the right amount.

Mr. Pearson: I thank the minister for that information. I gather from the amount that the total infrastructure budget of NATO and of the NATO military budget is well above $400 million a year now, which is a considerable amount, and our 6 per cent comes to about $21 million, which I think is a reasonable percentage, and I have no complaint about that. I was wondering whether all the NATO members are maintaining their infrastructure payments according to the percentages laid down, and whether recent developments—I am thinking now about the French withdrawal of some of its forces from NATO, and the possible withdrawal of United States air squadrons from France—will affect the infrastructure concept and the working out of infrastructure in any way? We are spending $400 million a year for facilities which are meant to be at the service of NATO in whatever country they are constructed, and I hope there will be nothing permitted to interfere with that concept.

Mr. Pearkes: I am sure that concept is a correct one and that the council will watch very carefully the expenditure of these moneys.

Item agreed to.

National Defence General—

228. To authorize, notwithstanding section 30 of the Financial Administration Act, and subject to allotment by the treasury board, total commitments of $2,902,205,282 for the purposes of the foregoing votes relating to national defence, regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,267,298,584 will come due for payment in future years), $1.

Mr. Benidickson: Mr. Chairman, this is a basket item. When we had the administration item up, I waited patiently yesterday morning until one o'clock, and then, being a little late getting back at 2.30, I saw the item had been carried, so may I raise a question which I intended to raise at that time if I had found my turn. The minister will recall that when he was on this side of the house he had a great deal to say about waste and extravagance, and one of the items he used to note invariably I would like to illustrate. On June 20, 1956, page 5221 of *Hansard*, the present Minister of National Defence, who was then the critic in the opposition on defence matters, said:

The minister made reference to the considerable number of civilians who are employed in the armed forces. One of course readily recognizes the fact that there are large numbers of civilians employed

in the various ordnance depots and the dockyards on both coasts. The minister said 55,000 civilians are employed.

Then this is the point which interests me particularly. The minister has now been in charge of the department for two years and his views in 1956, expressed on the same page of *Hansard*, with respect to national defence headquarters were as follows:

I come now to the question of national defence headquarters. From time to time over a great many years we have questioned the size of the staff at national defence headquarters. We have wondered if it is excessively large. Time and time again we have called attention to the number of officers and men and the number of civilians who are employed there.

I draw my hon. friend's attention to page 45 of the white paper which he tabled in April. He will note there that in each of the two years during which he has been in charge of the department the table indicates that there has been a substantial increase in the civilian strength at national defence headquarters. I wonder if he has actually reviewed this situation in the light of the views he formerly held, and if he could tell me why it is that this increase seems to go on year by year, the very matter he used to complain about when he was criticizing it on this side of the house.

Mr. Pearkes: Mr. Chairman, I will be quite honest; I still wonder. The numbers still seem to increase.

Mr. Pearson: Mr. Chairman, the minister will recall in days of yore how his colleagues, particularly the Minister of Finance who I wish were present, used to inveigh against this horrible practice of dollar items. He used to say it was a contravention of every good parliamentary practice, a flouting of the rights of the people and of the privileges of parliament, and so on. He made long speeches about the iniquity of a dollar item, and perhaps the minister will explain the virtue of this particular item.

Mr. Pearkes: I am sure that as a member of the previous administration the hon. Leader of the Opposition is very familiar with the purpose of these dollar items. The reason is that it is a commitment authority, and in defence planning the construction of new equipment, be it aircraft, ships, guns, or the building of certain projects, has to be projected for two, three, four or more years, and one cannot really embark on this general program unless there is some assurance given that under normal circumstances it will be continued.

I might say that the purpose of this vote is to authorize the same system of administrative commitment as in previous years, and it has been going on now for a good many years. In the past this has been done by the wording of a single defence vote, but now that these estimates have been divided up on the recommendation of the parliamentary committee another procedure has to be adopted. The same policy is now being accomplished by this special item, the effect of which is to put a limit on the total commitments that may be entered into without certifying, in accordance with section 30 of the Financial Administration Act, that funds are available to meet those commitments. With the increasing number of items which require to be dealt with, this system of certification has proved to be somewhat cumbersome and unsatisfactory.

Mr. Herridge: I was waiting for this little tidbit to come up, and I quite agree with what the minister had to say. I do not know very much about aeroplanes but I do recognize inconsistencies. Would the minister not agree that to continue this is somewhat inconsistent in view of the attitude taken by many of his colleagues when in opposition?

Mr. Pearson: Would the minister agree that this is as wise and sensible a parliamentary practice as it was in the past?

Mr. Pearkes: As far as this department is concerned I feel it is a wise and prudent procedure.

Mr. Pickersgill: The minister said he was still wondering about the size of the headquarters staff. Has he thought of getting any advice—and I use the word advisedly—from the Minister of National Revenue?

Mr. Pearkes: Really, that has nothing to do with this particular item. We have establishment committees which inspect and go over the establishments with a fine-tooth comb.

Mr. McIlraith: The minister has explained that this item is the authority to make commitments for expenditures in the future. What concerns me, in the light of that explanation, is how he justifies the expenditure under item 222 which is an item for the acquisition of major equipment—the part that is relevant. How can he justify using funds voted by parliament under the designation "acquisition of major equipment" for the termination of the Arrow contract? I raised that question earlier on item 222, and I raise it in connection with the practice which was formerly used in the reconstruction and supply departments and in the Department of Defence Production for providing for liquidation of contracts by votes under those departments. I am mystified as to how the minister can find authority under item 222 for the termination of a contract rather than for the procurement of equipment. I am

referring, of course, to $45 million for the termination of the Arrow contract. It seems to me that it should either come under this item 228 which we are now discussing or that the former practice should have been followed. After the minister gave me the answer he did a few minutes ago I took the opportunity to go out, rather hastily to the library, and I find it is a great number of years since there was any expenditure of anything like this size in respect of the termination of a contract. I think the year 1947-48 was the last year in which an item exceeded $30 million. But the item was carried under the reconstruction and supply department and the defence production department until the year ended March 31, 1953, the last occasion I was able to find it, though my inquiries were, as the minister will appreciate, naturally somewhat hurried.

Mr. Pearkes: I am told by the official present that this is the practice which has been followed in recent years though, of course, such a large amount has not been required on the cancellation of an important contract for a considerable time.

Mr. McIlraith: Perhaps there is no point in my pursuing the matter further. I could draw the minister's attention to some of the items in various years and he would certainly find the item to do with liquidation of contracts under the estimates of other departments. It may be that there was a change in the practice some years ago. I am content to leave the subject, with the request that the minister should pursue the point further.

Mr. Hellyer: I should like to ask the minister if he prefers this new method of putting these votes into the estimates and whether he has any comment to make on the possibility that by dividing them between the three services might accentuate the rivalry between the different branches of the armed forces. I know that we in Canada have been most fortunate in that there has been a very co-operative attitude between chiefs of staff, who have considered themselves to be representative of the Canadian armed services as a whole as well as being representative of their own services.

Does the minister think there is any possibility that adopting this new method of putting these votes into the estimates will tend to reduce this co-operative attitude or to encourage in any way a struggle within the Canadian armed forces to obtain a larger proportion of the total appropriation in any particular vote? I know this is a real problem. Under the old system we had flexibility, and the ability to transfer money from one service to the other if the need of any one service became more urgent in the course of a year. I hope we will not emulate Washington in this regard and I hope the new system will not encourage any rivalry whatsoever, but that whatever system we do adopt finally will be the one most likely to further the conception of a unified Canadian defence force.

Mr. Pearkes: I am sure this will not cause any rivalry between the forces. The forces knew exactly, before, how much money would be available to them. What this will do is to give parliament a tighter control over expenditure and it will improve the administration in the forces because no longer will there be any pool of money left over at the end which could be easily transferred from one force to another. It will mean that much better estimating will be done at the beginning by the various forces. I should like to commend the committee on its recommendation, which I welcome in this respect, and that is why it has been introduced.

Mr. Hellyer: I was merely putting my comment forward as a question, and if the minister is satisfied I think we can accept his assurances on this point.

Item agreed to.

General services—

229. Grants to military associations, institutes and others as detailed in the estimates, $259,175.

Mr. Herridge: Mr. Chairman, this item covers rifle associations, military service associations, military united service institutes and others. Would the minister inform the committee what is the requirement in each case before these organizations can become qualified for grants, and what check is made to make certain that these organizations warrant grants. What standard is used in making these grants? How is it decided who shall receive them and who shall not?

Mr. Pearkes: There have been no additions made to the grants in these estimates. In fact, most of the grants to these various organizations have been the same for a great many years. All of these associations have to report their financial standing to national defence headquarters at the end of each year. They are checked regarding their particular activity not only by national defence headquarters but by the various commands in which they are situated.

With respect to associations as rifle associations, I think it quite obvious what their objectives are. As far as service associations are concerned they are groups of representatives from all parts of Canada for the particular arm of the service or the particular

force. They meet together periodically and submit recommendations representing, let us say, the militia, or the infantry of the militia or the artillery or the air cadets, whatever the case may be.

The grants to the service institutions are grants which are made to enable those clubs consisting of retired and serving officers, both in the regular and auxiliary and reserve forces, to keep in touch with military developments by means of holding periodical lectures and by inviting distinguished visitors they may like to invite to speak to them on military matters. There is no change in that.

Mr. Herridge: They all report annually to your department and so you know they are functioning properly?

Mr. Pearkes: They all report to the department. Their books are audited and general supervision of their activities is carried out by the respective commands.

Mr. Benidickson: My question is somewhat similar to that of the hon. member for Kootenay West. I am thinking of grants to the united services institutes. The amount of the grants vary. Do these vary in accordance with a fixed scale of contribution based on paid up membership?

Mr. Pearkes: That is more or less correct. It is based on activities and more or less on the paid up memberships.

Mr. Benidickson: I notice here an unusual feature compared to some other grants to associations made by other departments. It is not too common to make a grant to, shall we say, an organization in one particular city and at the same time make a grant to a provincial organization. That is not frequently done in some of our patterns of grants.

I notice there are grants to individual cities and towns and as far as I can see in the case of Alberta there is just one institute, the institute of Alberta. There are no cities or towns in Manitoba, except one, called the institute of Manitoba, which received a grant. There is another one in Alberta which just came to my attention. I refer to Edmonton. I was wrong in my previous statement.

Mr. Pearkes: The institute of Alberta is an old established institute which has its headquarters in the city of Calgary. There is a separate united services club in Edmonton. Both receive grants.

Item agreed to.

230. Grants to the town of Oromocto, subject to the approval of treasury board, for municipal services including the maintenance and operation of schools and to promote the development of the town, $1,656,000.

Mr. Hellyer: Would the minister tell us where Oromocto is?

Mr. Pearkes: Oromocto is the dependants' town at Gagetown. It is where all the dependants of personnel and the married service personnel live. It is set up under a special agreement that was reached a few years ago. They have a town council. They are encouraged to organize their own services and grants are made by the government in order to maintain this small town for the purpose of looking after the dependants of our service people.

Mr. Hellyer: I thank the minister for that information. Earlier I asked what construction projects were yet to be completed at the townsite and he told us that the Department of National Defence had no project at the townsite and no relationship to them.

Mr. Herridge: Can the minister tell us the derivation of this rather unusual name?

Mr. Pearkes: I understand it is a local Indian name but that answer is given to many unusual names and I would not be entirely certain that it is correct.

Mr. Regier: This is the only item where I have noticed payments for the education of the dependants of service men listed. I realize this is listed in a number of places but it is not so named. I wish the minister could explain the great discrepancy between the statement made by the Auditor General and the information contained in a sessional paper. When appearing before the standing committee on public accounts the Auditor General indicated on page 58 of the minutes of Wednesday, April 8, that it cost about $11 million a year to pay for the education of the dependants of service personnel. In a report made by order of this house, sessional paper 222, the answer given is that the net operating cost for the calendar year 1958 was $6,279,473. There is a considerable difference there. The Auditor General said it cost about $11 million a year and the minister's office supplied a return showing the cost to be only $6 million.

Mr. Pearkes: That I am looking into with a view to seeing how the discrepancy arises. I am afraid I have not that information today. I am told that the main difference is between the operating cost and the over-all capital costs.

Mr. Regier: The Auditor General was asked about it at the same meeting and indicated there were practically no capital costs in that year and practically no new buildings erected.

Mr. Pearkes: We are going back into the records of that year and are trying to check up to see where the difference is and how it is accounted for.

Mr. Regier: I do not wish to hold up the estimates. I shall only express the hope that the minister will either advise me by means of a letter, or otherwise. If not, we may have to take this up again a year later.

Mr. Pearkes: I thank the hon. member for his courtesy. I shall be pleased to report to him as soon as I have the information.

Item agreed to.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I inquire what the business is for Monday? While we have had some indications of it already, I wonder whether the house leader would repeat it so that we will have it in the same *Hansard*. At the same time may I ask him to give all of the business for next week if he can.

Mr. Green: Last night I outlined the legislative program for Monday and Tuesday. For the rest of the week we will be considering estimates. Members should be prepared to take up any of the following departments: defence production, veterans affairs, external affairs, northern affairs, mines and technical surveys, trade and commerce, post office and fisheries.

I point out that we have now concluded consideration of the estimates of seven departments. Those of seven more have been considered in standing committees of the house which, as there are a total of 21, only leaves seven. Two of the 21 are very minor estimates, legislation and privy council, so I am very hopeful that the house can finish its work by two weeks from today.

Mr. Chevrier: I hope the minister's prediction comes true but none the less may I ask if any specific day has been assigned to the estimates of the Department of External Affairs?

Mr. Green: We are hoping to open the discussion of external affairs estimates on Thursday.

At six o'clock the house adjourned, without question put, pursuant to the order of the house passed on June 25.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

CAPE BRETON HIGHLANDERS—PRESENTATION OF REGIMENTAL COLOURS

Question No. 295—**Mr. McWilliam:**

1. Will Her Majesty, Queen Elizabeth, present regimental colours to the Canadian army unit formerly known as the Cape Breton highlanders, during her coming visit to Canada?

2. If so, where and when will this presentation be made?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

1 and 2. When the itinerary for Her Majesty was drawn up it was realized that there would not be time in many places to carry out the functions and ceremonies requested by many civilian and service agencies and units. Some 10 or more regiments requested the honour of presentation of colours by Her Majesty.

During the royal visit to South Africa of His Majesty King George V a precedent had been set by the presentation of colours to several regiments at one parade. This year several regiments were asked to participate by sending colour parties to certain localities where time and the program for Her Majesty permitted the presentation ceremony to be conducted. One of these occasions was the presentation held on parliament hill on July 1.

In the case of the second battalion Nova Scotia highlanders (Cape Breton) the regiment was asked to send a colour party to one of the localities where presentation was to be made and the offer was declined because they wished to have the ceremony take place when all ranks and relatives could be present.

On the authority of His Excellency the Governor General the Lieutenant-Governor of Nova Scotia, General B. C. Plow, presented colours to the regiment. A special message from Her Majesty was sent from Buckingham Palace to be read at the parade.

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL DEFENCE

Royal Canadian Air Force—

221. Operation and maintenance, $546,991,000.

222. Construction or acquisition of buildings, works, land and major equipment, $249,313,000.

Defence research and development—

Defence research board—

223. Operation and maintenance, $21,924,603.

224. Construction or acquisition of buildings, works, land and equipment, $7,594,261.

Supply—Items Passed

225. Development, $21,565,000.

Defence expenditures by other government departments—

226. Services and facilities supplied to the Department of National Defence by the Department of Transport, $3,412,659.

Mutual aid—

227. Contributions to infrastructure and military costs of the North Atlantic Treaty Organization and the transfer of defence equipment and supplies and the provision of services and facilities for defence purposes in accordance with section 3 of The Defence Appropriation Act, 1950, not exceeding a total of $90,000,000 including the present value of defence equipment or supplies or the cost of services made available by the Canadian forces estimated in the amount of $68,150,000 and provided by appropriations for those forces in the current and former years in respect of which, notwithstanding subsection (3) of section 3 of the said act, no amount shall be charged to this appropriation or paid into a special account; provided by this vote, $21,850,000.

National defence general—

228. To authorize, notwithstanding section 30 of the Financial Administration Act, and subject to allotment by the treasury board, total commitments of $2,902,205,282 for the purposes of the foregoing votes relating to national defence, regardless of the year in which such commitments will come in course of payment (of which it is estimated that $1,267,298,584 will come due for payment in future years), $1.

General services—

229. Grants to military associations, institutes and others as detailed in the estimates, $259,175.

230. Grants to the town of Oromocto, subject to the approval of treasury board, for municipal services including the maintenance and operation of schools and to promote the development of the town, $1,656,000.

Pensions and other benefits—

231. Civil pensions, as detailed in the estimates, $2,457.

232. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $4,090.

Defence Services Pension Act—

233. Government's contribution to the permanent services pension account, $51,791,054.

475. To authorize loans to be made in the current and subsequent fiscal years in respect of housing projects constructed, pursuant to an agreement with the Minister of National Defence, for occupancy by members of the Canadian forces; such loans to be at interest rates and in accordance with such terms and conditions as the governor in council prescribes, $10,000,000.

605. To increase by $1,250,000 the amount appropriated for the purposes of vote 504 of the Appropriation Act, No. 5, 1958, and to decrease by $1,250,000 the amount appropriated for the purposes of vote 505 of the said act, $1.

HOUSE OF COMMONS

Monday, July 6, 1959

The house met at 11 a.m.

COMMITTEES OF THE HOUSE

Twenty-first report of standing committee on miscellaneous private bills—Mr. McCleave.

Third report of standing committee on mines, forests and waters—Mr. Murphy.

BRITISH NORTH AMERICA ACT

AMENDMENT TO PROVIDE SENATE REPRESENTATION FOR YUKON AND NORTHWEST TERRITORIES

Mr. Erik Nielsen (Yukon) moved for leave to introduce Bill No. C-69, to amend the British North America Act, 1867-1952, with respect to representation in the Senate.

Some hon. Members: Explain.

Mr. Nielsen: Mr. Speaker, I should explain that my purpose in introducing the bill at this late point in the session is so that members of this house and of the other place will have an opportunity to study the implications which are raised in it. The purpose of the bill simply is to provide for representation in the Senate of Canada by one member for Yukon and one for the Northwest Territories.

Motion agreed to and bill read the first time.

FINANCE

MEASURE TO PROVIDE ADDITIONAL GRANTS TO NEWFOUNDLAND

Hon. Howard C. Green (for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the payment of additional grants to the province of Newfoundland.

Motion agreed to.

EXTERNAL AFFAIRS

NATO—INQUIRY AS TO REPORTED MEETING OF FOREIGN MINISTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether any progress has been made toward the holding of a North Atlantic council meeting of foreign ministers before the reconvening of the foreign ministers' conference at Geneva later, I think, this week.

Hon. Howard C. Green (Secretary of State for External Affairs): No, Mr. Speaker, I do not think there will be such a meeting.

NORTHLAND NAVIGATION COMPANY

REPORTED PARTICIPATION IN STRIKE BY OUTSIDERS—SUPPLIES TO COMMUNITIES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Minister of Citizenship and Immigration. Has the study now been completed or an examination made into people coming from outside Canada to join the strike in Vancouver? If so, has the minister any report to make?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, an investigation has been carried out by officials of my department in Vancouver, but we are unable to find any of the alleged imports from the United States operating in the Vancouver area. I might say that on receipt of protests from the president of N.A.M.E. and the secretary treasurer of the British Columbia labour council we were on the lookout at points of entry, but as far as we know these people are not in the country. Of course if we could have some proof that they are here we could probably take some steps.

Mr. Winch: May I ask a supplementary question. In a telephone call yesterday from Vancouver some names were given to me. If I could supply those names would the minister then be in a position to take some action? I could leave the house now and obtain the information.

Mrs. Fairclough: I have already given instructions to our office in Vancouver to consult with the persons I previously named, and if they can supply the names and locations of the alleged United States citizens who are participating in this strike we will take steps to see they are removed.

Hon. Paul Martin (Essex East): May I ask the Minister of Labour a question in connection with this matter, involving a labour

dispute at the Northland Navigation Company. Can the minister say whether he has made any inquiries to determine if supplies to any communities have been interrupted owing to this dispute? This is a matter, I understand, that involves certification by the federal Department of Labour, and I would be very grateful if the minister could answer my question.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, as far as supplies are concerned I am afraid I cannot give any information to the hon. member; I have not made inquiries in this respect. However, I did dispatch a telegram during the latter part of last week asking both parties to meet with the labour department representative in Vancouver, and they are meeting this morning.

ST. LAWRENCE SEAWAY

REPORTED U.S. LEGISLATION RESPECTING STUDY OF DE-ICING

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, may I direct a question to the Minister of Transport arising out a report that a bill introduced in the United States Senate by Senator Alexander Wiley provides for a major study of de-icing on the St. Lawrence seaway. My question is this. What is the attitude of the Canadian government toward this far-reaching study, and what is the attitude of the St. Lawrence seaway authority?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I have not been advised of any such study.

Mr. Argue: I wonder if the minister would check with the seaway authority and see if they have been approached in this matter. If so, would he made a report to the house?

Mr. Hees: Yes, Mr. Speaker.

TRANSPORT

BELLE ISLE-NEWFOUNDLAND—INQUIRY AS TO COMMENCEMENT OF FERRY SERVICE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, will the minister please inform the house when he expects that the Belle Isle-Newfoundland ferry will begin operation?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker; in the fall of 1960.

[Mr. Martin (Essex East).]

HEALTH AND WELFARE

MONTREAL—REPORTED OPENING OF U.S. PUBLIC HEALTH STATION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with my usual concern for the health and welfare and the sovereign rights of Canada, I wish to ask the Minister of National Health and Welfare a question. In view of a news item in the *Gazette* of June 25 to the effect that the United States public health service has opened a quarantine station in Montreal to check communicable diseases, would the minister inform the house by what authority this station is established, and if Canadian citizens are required to submit to examination by a United States public health official?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I thank the hon. member for having given me notice of his intention to ask this question, and for his concern for the health of the people of Canada. May I simply say at this moment that the article has been brought to my attention, but I have not had time as yet to look into the matter really closely. I would therefore like to reply tomorrow.

FLOODS

MANITOBA—FEDERAL ASSISTANCE IN RED RIVER CONTROL PLAN

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, on July 2 an order for return was complied with asking for any communications received since February 1 by the Prime Minister or any member of the federal government from the premier or any member of the government of Manitoba, and any replies thereto, on the subject of federal assistance for flood control on the Red river. The last communication is dated March 20. There are communications from the minister of northern affairs and also from the Prime Minister in this return. I should like to ask the minister of northern affairs if there have been any developments in this matter since March 20.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): We have been in conversation with the government of Manitoba on one or two occasions and the premier is in town now, attending the fiscal conference. There will be meetings with the Prime Minister and myself, and possibly with others, in connection with this matter.

Mr. Pickersgill: Is there any agreement under negotiation at the present time?

Mr. Hamilton (Qu'Appelle): The matter has not reached the agreement stage. We are still discussing the various aspects of the program.

OLD AGE SECURITY

INQUIRY AS TO REPORT BY DR. ROBERT CLARK

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I wonder if I could ask the Minister of National Health and Welfare, now that this session is nearing an end, whether he is able to say what are the intentions of the government with regard to the Clark report on old age pensions, and if not would he indicate what is happening to that report.

Hon. J. W. Monteith (Minister of National Health and Welfare): A very close study is being given to the report at this time.

Hon. Paul Martin (Essex East): Can we conclude that the government does not intend to bring in any legislation this session based on that report?

Mr. Monteith (Perth): That is correct.

AIRPORTS

PRINCE RUPERT, B.C.—CONDITION OF RUNWAY UNDER CONSTRUCTION

On the orders of the day:

Hon. George H. Hees (Minister of Transport): On Friday last, the hon. member for Skeena asked me a question regarding the new Prince Rupert airstrip. The runway at the new Prince Rupert airport is now suitable for use by light to medium aircraft up to at least DC-3 size; but since the construction work is not yet completed and the contractor still has equipment on the field, use of the runway is only possible on the basis of special advance arrangements to ensure that the contractor's equipment does not interfere with safe use of the runway.

INQUIRIES FOR RETURNS

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I wish to address a question to the Secretary of State, or in his absence to the acting minister. When may I expect an answer to the question made an order for return approximately three months ago relating to travel abroad by members of the government?

Hon. Ellen L. Fairclough (Acting Secretary of State): It is my understanding that this information, which has to be compiled by several departments of government, will be available shortly, but I will make special inquiries.

Inquiries of the Ministry

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question. On Saturday I asked the Secretary of State if he would tell us the progress which has been made in dealing with all the returns either today or tomorrow. Can the hon. lady assure us that this information will be given tomorrow?

Mrs. Fairclough: I can assure the hon. member that I will ask the Secretary of State about it.

Mr. Pickersgill: The Secretary of State said it would be done.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, the Secretary of State (Mr. Courtemanche), being absent, may I direct a question to the acting minister? Since the Secretary of State had promised to reply to my question today, would the Acting Secretary of State be in a position to do so?

(Text):

Mrs. Fairclough: Mr. Speaker, I am sorry but I did not realize that the question was addressed to me.

Mr. Caron: In the absence of the Secretary of State, who promised that my questions would be answered today, would it be possible to table the answer today?

Mrs. Fairclough: I shall inquire, Mr. Speaker, as soon as orders of the day have been concluded.

SHIPPING

LAKE HURON—INQUIRY AS TO SINKING OF S.S. "MONROVIA"

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to direct a question to the Minister of Transport. Can the minister tell us whether his department had a representative at the coastguard hearing in Detroit last Thursday dealing with the collision between the *Monrovia* and the *Royaltor?*

Hon. George H. Hees (Minister of Transport): I will make inquiries.

Mr. Fisher: A supplementary question. Could the minister bring us up to date on the situation in so far as pilotage is concerned, and the negotiations with the United States with regard to the Canada Shipping Act changes?

Mr. Hees: There has been no change since the hon. member asked me about this on the last occasion.

Inquiries of the Ministry

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO PUBLIC SESSIONS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Can the acting Prime Minister tell me whether there is any reason why any member of parliament should not attend the meetings with the provincial governments now being held within the precincts of parliament?

Hon. Howard C. Green (Minister of Public Works): I realize that the hon. member for Bonavista-Twillingate has a very deep curiosity concerning not only this matter but many others. I presume that if the meetings were open to the general public he would be able to attend.

Mr. Pickersgill: Could the minister say whether the meetings are open to the general public, as all previous meetings have been at the commencement, or whether this is a closed session?

Mr. Green: I think the hon. member is just pulling my leg. He obviously has the answer and is just asking this question to be facetious.

Mr. Pickersgill: On a question of privilege, I have not, of course, the capacity for reading minds that the acting Prime Minister has, but in fact I am not in possession of this information and I am seeking information about something which is taking place within the precincts of parliament.

Mr. Green: I might point out that the duty of the hon. member, at least while this house is sitting, is with us in the commons chamber.

Mr. Pickersgill: Does that not also apply to the Minister of Finance?

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to direct a supplementary question to the acting Prime Minister. Notwithstanding his last observation, does the minister recall that the Minister of Finance, when asked this question the other day as to whether or not the initial proceedings of the conference would be open to the public, said he was not at that time in a position to give a definite reply? In view of the importance of this matter may I ask the acting Prime Minister if it is a fact that certain phases of the proceedings will be open to the public?

Mr. Green: Mr. Speaker, I do not have that information.

[Mr. Hees.]

FISHERIES

NEWFOUNDLAND—STATEMENT ON CHANGES RESULTING FROM PROCLAMATION OF FEDERAL ACTS

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, on Saturday last the hon. member for Grand Falls-White Bay-Labrador asked me the following question:

In view of the proclamation in Newfoundland of the Meat and Canned Foods Act as related to fish and shellfish, and the Fish Inspection Act, as announced by the minister yesterday, may I ask what changes are likely to result in fish handling and processing in the province of Newfoundland?

I should like to say in reply that for the time being it is not proposed that there will be any amendments to existing regulations in Newfoundland which deal with the grades, classes and sizes of salted, pickled, dried, canned and fresh and frozen fish and shellfish. The present Newfoundland regulations are being consolidated into separate schedules to either the fish inspection regulations or the canned fish and shellfish and cannery inspection regulations.

(Translation):

CANADIAN BROADCASTING CORPORATION

STATEMENT ON REPORTED CRITICISMS OF PROGRAMS ON FRENCH NETWORK

On the orders of the day:

Hon. Leon Balcer (Solicitor General): Mr. Speaker, last Friday the hon. member for Gloucester (Mr. Robichaud) asked me the following question:

Mr. Speaker, I want to ask the Solicitor General a question. Can the minister inform this house whether he has received protests from hon. members on the government benches, against certain C.B.C. commentators, more particularly against some commentators of the French network who, according to those honourable representatives, do not always favour government policy?

Following a remark on your part, Mr. Speaker, the hon. member for Gloucester added:

(Text):

The hon. member continued in English:

On the point of order, the Toronto *Star* yesterday carried an article to the effect that the Solicitor General had received certain representations and that he had transmitted those representations to the C.B.C. management. This is why I addressed my question to the Solicitor General. I wanted to find out whether he had received the representations referred to.

The hon. gentleman then carried on:

Will the Solicitor General check and find out whether he has received them?

(Translation):

Mr. Speaker, my answer is as follows: I have not received any representations from government members against certain pro-

grams or against certain C.B.C. commentators, as mentioned in the Toronto *Star* item referred to.

(Text):

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, could I ask the minister a supplementary question. Is the minister aware that any such representations were made?

Mr. Balcer: No, Mr. Speaker.

BUSINESS OF THE HOUSE

COMBINES ACT AMENDMENT—SUGGESTED POSTPONEMENT OF CONSIDERATION UNTIL NEXT SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Justice if he is in a position to inform the house of the procedure to be followed with respect to the amendment to the Combines Investigation Act?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I expect to be able to give a definite statement tomorrow.

HIGHWAYS

BRITISH COLUMBIA—ANNOUNCEMENT OF PARTICIPATION IN ROADS TO RESOURCES PROGRAM

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Northern Affairs and National Resources, who told us the other day that one of the provincial governments had signed an agreement respecting the roads to resources program, which government that was?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): British Columbia, Mr. Speaker.

Mr. Pickersgill: A supplementary question, Mr. Speaker. Can the minister explain why it is not possible to conclude agreements with any of the other provinces, and in particular with the government of Newfoundland?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, the government of Newfoundland and the government of Canada are working out this road program. There are no differences between us at all. We are going ahead with the program. When the program has reached the stage of final decision on the whole program I shall present it to my colleagues. We shall then decide whether we shall sign it. There is no trouble with any of those programs at all. We do have to negotiate back and forth on the legal terms. As long as the general agreement is signed there is no time being lost on the program.

Mr. Pickersgill: I should like to ask the minister a supplementary question. Does the minister's reply mean that money is being committed, money that would have to be voted by this parliament, in advance of any agreements?

Mr. Hamilton (Qu'Appelle): There is money voted in the estimates for this purpose, but the payments will have to be made by the regular procedure followed by the government. I believe in one case there was an advance made to one government.

CRIMINAL CODE

The house resumed, from Wednesday, July 1, consideration in committee of Bill No. C-58, to amend the Criminal Code—Mr. Fulton—Mr. McCleave in the chair.

The Acting Chairman (Mr. McCleave): When the house rose on Wednesday, July 1, we were considering clause 11.

On clause 11—*Obscene.*

The Acting Chairman (Mr. McCleave): Shall the clause carry?

Mr. Fulton: Mr. Chairman, in view of the widespread interest in this provision I think it might be helpful if at this stage I give a short statement as to the object and effects of the clause.

The object of this clause is to make a statutory extension of the definition of obscenity so as to make it perfectly clear that the law of obscenity does apply to a certain type of objectionable material that now appears on the newsstands of Canada and is being sold to the young people of our country with impunity.

We believe we have produced a definition which will be capable of application with speed and certainty, by providing a series of simple objective tests in addition to the somewhat vague subjective test which was the only one formerly available. The tests will be: does the publication complained of deal with sex, or sex and one or more of the other subjects named? If so, is this a dominant characteristic? Again, if so, does it exploit these subjects in an undue manner?

We have been careful in working out this definition not to produce a net so wide that it sweeps in borderline cases or cases about which there may be genuine differences of opinion. In our efforts we have deliberately stopped short of any attempt to outlaw publications concerning which there may be any contention that they have genuine literary, artistic or scientific merit. These works remain to be dealt with under the Hicklin definition, which is not superseded by the new statutory definition.

Perhaps, Mr. Chairman, I should put on the record again at this point the Hicklin definition as laid down by Chief Justice Cockburn in the case of Rex. *v.* Hicklin in 1868, as follows:

—I think the test of obscenity is this, whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort may fall.

As I have said, it will be appreciated that this is entirely a subjective definition. It will be observed that while the test in the new proposed definition is in the main objective it does, however, contain two terms which require in part a subjective assessment. The first of these is that the characteristic complained of must be a dominant characteristic. As I say, we believe this will cover, without question, the kind of muck on the newsstands against which our main efforts in this definition are directed. But these words will clearly exclude from the definition books otherwise meritorious but containing the occasional passage which, if torn from the context, might be considered objectionable. In other words, in applying our proposed definition the courts must look at the whole work, not just at an isolated passage or passages.

The second requirement is that the manner of dealing with the named subjects must constitute an undue exploitation of them. Here again it will be clear that, for instance, medical textbooks or other books—including novels—in which such subjects are dealt with in an honest fashion are not put in jeopardy by this definition. There must be an undue exploitation. The word "undue" is one with which the courts are familiar as meaning generally something going beyond what men of good will and common sense would normally tolerate. I do not think we need to fear that this is a harsh or unduly restrictive test.

Then I should like to ask hon. members to consider this clause in the light of the new procedure which we are also providing if the bill is approved, for dealing with such obscene publications. The new procedure is what is described as a procedure *in rem*. It gives a quick and objective method of dealing with the question of whether or not a publication is obscene. I have said that our definition is, in its main nature, objective and so, I believe, will be the new procedure, particularly by reason of the fact that it will not be necessary to lay a charge.

The new procedure provides a quick and relatively simple method of getting the issue before the court, on its merits, of whether or not a particular publication is obscene. In order to do that you do not have to lay a charge against anybody and therefore it is, as I said, an objective method of having this question disposed of. The new procedure is closely akin to the procedure which has been in effect in the United Kingdom since 1857 and is a procedure, it might be of interest to the committee to know, that the United Kingdom is retaining substantially unaltered in its new obscene publications bill which was introduced into its parliament this year.

I would suggest to hon. members that it is significant that in the United Kingdom, with its well known determination to preserve civil liberties and the liberties of the subject and to avoid anything which might set up, in normal peacetime, government censorship unduly restricting the rights of free expression, they have had since 1857 and are continuing in the bill they have introduced this year this procedure which we are seeking to introduce for the first time. I do not believe we need to be fearful that here in Canada, by providing this objective test and this objective method of procedure, we are doing anything unduly restrictive of freedom of speech, properly understood.

Here, Mr. Chairman, in the definition we have before us and the new procedure which we are recommending to parliament we have made a serious attempt to meet a problem which is very real and urgent in Canada. I can assure hon. members that anyone who may have had occasion to inspect the sort of material taken from Canadian newsstands, where it is being sold with impunity, which has come into the possession of my department, largely as the result of unsolicited correspondence, would agree when I say that it is high time we devised a method of dealing with this type of publication.

I can assure the house further that it is apparent from the discussions I have had with the law enforcement officers of Canada that they feel the present law is not clearly adequate to deal with this type of trash. It is for that reason that we seek an extension of the definition of obscenity, and by the provision of a new method of procedure we hope to enable our law enforcement officers to deal quickly, fairly and objectively with this type of publication.

I should perhaps in conclusion express my appreciation to hon. members who have spoken on this matter before, and who have given me and my departmental officials the benefit of their views and advice. I do not wish to single out any one member particularly, but I think in fairness I should refer to the very constructive speech made last session by the hon. member for Joliette-L'Assomption-Montcalm, who placed upon the record some extremely helpful suggestions as to the approach we might follow in

working out a new definition of obscenity and in working out methods of dealing with the problem. I found his remarks extremely constructive and most helpful.

Mr. Crestohl: I have just one question. Can the minister tell us whether the United Kingdom rule embraces this show cause system.

Mr. Fulton: Yes, Mr. Chairman, it does.

(Translation):

Mr. Caron: Mr. Chairman, I had practically decided not to take part in this debate and to entrust to lawyers the responsibility of amending the Criminal Code. But, after having read that part of the speech made by the Minister of Justice (Mr. Fulton), as recorded on page 5319 of *Hansard* of June 30, I began to wonder whether I should not take part in this debate at the present time.

Here is what the Minister of Justice said at the time:

I have observed that most of the discussion thus far in this debate on second reading has been related to the provisions of the bill which deal with the definition of obscenity. I make no criticism of the fact, but I could not fail to note that the matter was treated with some levity, particularly by the hon. members of the Liberal party from the province of Quebec. I am not, of course, suggesting that the definition we have achieved is perfect. It is the best definition that we could achieve; it is an attempt to deal seriously with a serious subject. I think the house will be interested to note, and I think the country will be interested to note, and I think the province of Quebec particularly will be interested to note that members of the Liberal party from the province of Quebec treated this whole thing, with one exception, in an atmosphere of levity. As I say, I make no criticism of that. The hon. member for Hochelaga (Mr. Eudes) dealt with the matter seriously. The other members of his party from the province of Quebec, where I am aware that this matter is regarded with a great deal of seriousness, dealt with it as a subject deserving nothing but laughter.

Later on, the Minister of Justice added:

What I say hits my honourable friends a little hard but they recognize that their attitude towards this bill to-night has not done them credit—

And later on, he added again:

My whole purpose in this debate has been to advance the bill along into committee so that we might hear what constructive suggestions my hon. friends have to offer, because certainly their attitude so far has been far from constructive.

Mr. Chairman, I believe that attitude on the part of the Minister of Justice is rather that of a person who would have had us believe that the government had intended to cure all the evil and who, realizing that, having done so little, he must resort to attacks against those who had taken the floor.

I agree with him that the hon. member for Hochelaga made a very serious and documented speech, a speech which deserves to attract general attention. I agree that the hon. member for St. Denis (Mr. Denis), who is a jovial person by nature, has made, in reference to firearms, some rather amusing remarks, but when he referred to obscenity, he did so with the same seriousness shown by the Minister of Justice. The Minister of Justice has no reason to claim that the Liberals of the province of Quebec lack any seriousness when a question of morals or manners is involved; and it is in that connection, our duty to point out to him the defects of his own bill.

Besides, we are not the only people who find his bill, although slightly an improvement, falling short of a full victory against obscenity.

On June 17, the Protestant clergy, meeting in London, as reported in the following article, stated:

(Text):

Proposed federal legislation defining obscenity in relation to literature was attacked today by three clergymen here for the eleventh annual summer school of religion as indefinite and unnecessary.

In an interview at the University of Western Ontario, Dr. James T. Cleland of Duke University, N.C., Rev. W. B. J. Martin of the Scottish Congregational College, Edinburgh, and Rev. D. R. Fraser of Byron, Unitarian Minister in London, agreed a wrong tack was being taken.

(Translation):

And here are the very words used by Dr. Cleland further down in that article:

(Text):

"Besides," Dr. Cleland said, "the legislation proposed leaves the matter wide open by its wording. The lawyers will have a field day with it."

(Translation):

And still farther down, he went on to say:

(Text):

The clergymen pointed to the words "dominant" and "undue exploitation" as providing ready made loopholes.

(Translation):

As the minister can see, we are not the only ones to criticize his attitude and, besides, we have good reasons for criticizing, because the minister himself had promised a great deal more than he is giving us now.

There is no doubt that all the members of this house deplore the fact that so many obscene publications are being offered for sale; all of them would like these obscene publications to disappear. But, when the minister addressed the Sacred Heart League, in Montreal, he proposed four changes. First, as is reported in the *Gazette* of June 14, 1958, here is what the minister said:

(Text):

The first is a "practical" definition of the word obscene for article 150 of the Criminal Code.

(Translation):

That is just where we take issue with the minister. That definition he gave, which

includes the words "dominant characteristics" constitutes the dominant part of his bill. Those words are not sufficient to ensure the elimination of those things. We believe that all they do is to enable defence counsels to find easier ways to secure acquittals of the person charged.

Besides, I have talked with some religious authorities and I even had correspondence about that matter. I recalled having answered a letter about this from Mgr. J. N. Gelineau, vicar general of the Ottawa diocese, on June 24, 1959. Here is what I wrote to him:

Monsignor,

I have received your letter dated June 22, as well as the article which appeared in last night's *Le Droit*.

As I was telling you, the major difficulty in finding a complete definition for the word obscenity is that Protestant elements who believe in free will, are convinced, probably with sincerity, that it would interfere with freedom of conscience. It is for that reason that the definition that is given in the amendment to Sections 150, 8 and 150A, far from improving the situation, makes it worse, since it says:

"(8) For the purposes of this Act, any publication the *dominant characteristic* of which is the undue exploitation of sex—"

Dominant characteristic may include many things that the judges might consider insufficient to be reproved.

Let me cite an instance that will probably never occur. If, in advertising the comfort of an hotel, a pamphlet showed a man and a woman, in indecent attire, sharing the same bed, the judge might say that this was not the main characteristic of the pamphlet. Yet, the said hotel would appeal to people's evil instincts.

As a matter of fact, section 150A confers the whole responsibility upon the judge who will decide whether the publication or illustrated story is to be classified as obscene or not. Everything is therefore left to the discretion of the judge who may, sincerely or not, have opinions very different from those of Catholic religious authorities.

All I see in this act is a chance for lawyers to win their defence cases more easily.

I am sorry to say that I do not entirely agree with Father Gay who seems to think that the bill is a considerable progress in the fight against obscene magazines.

I do not want to blame Hon. E. Davie Fulton, Minister of Justice, too severely because I know he was working under extremely difficult conditions. What I am condemning, however, is leading the population to believe that a remedy is being provided, whereas nothing of the kind is being done.

Mr. Chairman, that is how we have dealt with the problem from the start. And the Minister of Justice said that we were considering it lightly. We are not dealing lightly with this matter. On the contrary, we are aware of its difficulties.

I remember a banquet where the Minister of Justice was the guest speaker and dealt with the matter of obscenity and of the amendments he proposed to introduce. I also remember having told him that evening that he would run into extraordinary difficulties because attempts have been made for the past two thousand years to establish a concrete definition of obscenity, and it has not been done yet, because there often is only a very small margin between art and obscenity. I have personally had occasion to see things which would appear obscene to some people, but not so to others, depending on the state of mind of the person who sees or examines or studies those things.

As a matter of fact, some works may be considered obscene by some people and not so by others. When art is mixed with the question of obscenity, the problem becomes more difficult. It is recognized that the dividing line between art and obscenity is sometimes difficult to appreciate. My reproach to the minister is that he has provided an incomplete definition. The minister wanted people all over the country to believe that he was going to make such radical changes that the Criminal Code would scarcely be recognizable with regard to obscenity and obscene publications in this country.

When addressing the Sacred Heart leagues, in the second part of his speech, he dealt with the following:

(Text):

The second: The possibility of summonsing dealers, as in Britain, to declare why a court directive ordering the destruction of obscene literature should not be carried out.

(Translation):

The minister did that.

He also said:

(Text):

Third, the department is studying ways of preventing publishers from forcing dealers to take all or none of their publications, "a practice common in these days."

(Translation):

Again I commend the minister for including this in section 12, paragraph 150A of the bill now before us. However, it is with respect to the fourth part that the minister has been particularly remiss in fulfilling his promises.

(Text):

Finally, Fulton said, "we are considering the possibility of including the printers of obscene publications in prosecutions, much more than is done today."

Cardinal Leger, in a 5000-word speech, said—

The printing is bad, but it is not of importance.

(Translation):

The important part is this: the Minister of Justice had promised to find a way to cause the arrest of the printer of such literature, and to take him to court, so as to prevent publication of such obscene works. It was not the first time that the Minister

of Justice came out in favour of taking court action against printers or publishers. In fact, in 1955, as recorded on page 5275 of *Hansard*, the Minister of Justice, who was then sitting on this side of the house, made the following statement:

> —a prosecution should also be required against the printer and publisher if the printer and publisher are in Canada, or against the initial distributor if it be one of those publications which is brought into Canada having been printed in the United States and then distributed in Canada in its finished form.

A little farther down, the minister added:

> —and the person most responsible for the offence —that is, the man who first put it into circulation— would be bound to be proceeded against.

Still a little further down, the minister went on to say, and I quote from page 5276 of *Hansard*:

> Another line of attack on the problem, which has been suggested before and rejected but which I would ask the minister to consider again, is that it might be provided that the penalties against printers and publishers, or against those who first put this offensive material into circulation, should be made specific.

Still farther down, the minister had this to say:

> They wrote a specific clause into their legislation prohibiting the importation of the plates from which these things are printed. I recommend to the minister that he and the department should give very earnest consideration to whether it would not be desirable to incorporate a similar provision in our Criminal Code.

And the minister went on to say:

> I know you cannot increase an unlimited fine, but I was suggesting a minimum fine or a minimum penalty for printers and publishers.

It is in that respect that we are blaming the minister. He had promised us the moon; now it is just a case of the elephant bringing forth a mouse. There have been claims that this constitutes a great improvement. Well, Mr. Chairman, I think if it is an improvement, it is no more than $\frac{1}{8}$, or at most $\frac{1}{4}$ of what it should be. We do recognize that section 12, paragraph 150A contains something new. The provisions of this section make it easier to resort to court action and seizure in the case of obscene literature. Apart from that, I think the minister has tried to build up his political capital by running around the country, and particularly the province of Quebec, to give the impression that, after he had tried to define the word obscenity and had amended the Criminal Code accordingly, everything would be fine.

So, by casting aspersions on Liberal members from Quebec he has attempted, up to a point, to have Canada, and more particularly the province of Quebec, believe that Liberal members are less interested than he in improving the country's morals.

Mr. Chairman, I say to the minister that he should not indulge in petty politics and make speeches such as the one he made on June 30 last. On the contrary, he should show some statesmanship and really try to improve conditions.

We recognize that it is no easy task to define obscenity in a truly concrete and perfect way, because we know the situation is extremely difficult; it has been going on for years, and the minister is not the only one responsible in the matter. However, there should be no petty politics about such an important matter. I therefore ask the minister at this time not to be silly and use words such as those he used on June 30 last when addressing Liberal members who are just as interested as he is in raising Canada's moral standards. We hope the minister will stop making political hay with this question, and will tackle the problem in statesmanlike fashion.

Mr. Pigeon: Mr. Chairman, like all right-minded Canadians, I am happy to commend the Minister of Justice (Mr. Fulton) for the bill he is submitting today as a means of fighting obscenity, one of the worst forms of degradation that individuals and nations can fall into.

I know that the minister has always been interested in this subject and has closely studied this infinitely delicate and serious problem of obscene literature. He took up this cause many years ago, and today, as Minister of Justice, he wants to give this country legislation that will clean up the newsstands, thus helping society by preventing the sale of evil literature on a national scale.

It is one of those bills which almost automatically call for unanimity. All of us want to bring about the necessary changes.

According to section 150 of the Canadian criminal code, obscenity is a crime leading to severe punishment. But, experts in the field —law enforcement officers, lawyers, judges, social workers—are all agreed that the language of the law is not sufficiently explicit. Then there is always the difficulty attending the onus of the proof, which takes time and money. In fact, obscene publications or shows are only one of the many facets of public immorality which is so brazenly flaunted nowadays.

It is not a new problem, even though it seems to be a characteristic vice of so-called advanced civilizations. We are therefore not facing a new difficulty, a by-product of

the last war or of scientific progress. But this very progress, the wonders of printing, radio and television, are helping scatter the accursed seed and spread havoc. So, as the allied chiefs used to say during the last war, desperate ills call for desperate remedies. And that remedy is the remoralization of individuals and peoples. *Quid leges sine moribus?* Yes: what good would laws be without morals? But, men being what they are, we must use drastic measures and cause the iron hand of the law to weigh against all offenders. That is what the government, through the Minister of Justice, is doing today.

According to those who specialize in such delicate problems, we need a clearer definition of obscenity. I think that, under the circumstances, the Minister of Justice is introducing a bill which, though it may not be perfect—there is nothing perfect in this world—represents a great improvement over what we had in the past. I know that the Minister of Justice has drawn upon the many briefs submitted to him, by Catholics, Protestants and Jewish groups as well as all other religious denominations in this country, and I also know that he did not ignore suggestions made to him by Rev. Father Gay who has made a searching study of the matter and suggested a new wording for section 150 of the Criminal Code. Anybody wishing to obtain fuller information with regard to the new wording of that section, need only refer to the newspaper *Le Droit* of February 23, 1959, which says:

> Diocesan press service planned.
> A definition of obscenity.
> Definition of obscenity submitted by Reverend Father Gay.

However, what really counts is the training of individual conscience and of people's minds. I shall take the liberty of reporting a fact that is perhaps little known but significant. Some time ago, when the Montreal police decided to clean up shows in night clubs, the chief of police called in night club owners and representatives of their employees and told them in substance: "In future, dancing girls will have to conform to the following rules: they must always wear such and such garments; and they must actually dance, and refrain from speaking to patrons. If they can't do that, let them get off the stage and go wash the dishes."

And do you know, Mr. Chairman, that many of those club owners, employees and even dancers commended the chief of police for doing his utmost to raise the standards of entertainment? Even people directly concerned feel there is nothing to be gained in immorality, and detective lieutenant Lucien Quintal, who is in charge of the squad responsible for keeping watch on the decency of shows and publications, has very much less trouble now. Why? Because the police have decided, not to discuss the quality of shows, but to close those which are not up to standards set and adopted both by the police and the show promoters.

Mr. Chairman, we should do the same thing about obscenity. Untold harm is being done to our young people by books and publications, magazines, films, photographs, etc.

Obscenity, violence, unbridled passions, glorification of crime and criminals, those are the many problems leading some of our people to prison. We talk about the rehabilitation of criminals, but it would be much better if we prevented them from becoming criminals. All the pompous terms used by self-styled artists and art critics, the obscure and ambiguous vocabulary of so-called psychiatrists often have but a single carefully disguised purpose: allow immorality to display itself under its more pernicious and degrading forms. That is what we have to fight against.

The problem of immorality and obscene publications is not new, Mr. Chairman, and it is not peculiar to this country either. The Canadian authorities have realized its gravity for a long time, together with other national leaders. As evidence of that, may I refer to the protocols signed in Paris on May 4, 1910, on the repression of the distribution of obscene publications, an agreement which was amended at Lake Success on May 4, 1949, and which has been in force in our country since then.

You will also recall the convention for the repression of the distribution and traffic of obscene publications, signed in Geneva on September 12, 1923, which was amended by a protocol at Lake Success on November 12, 1947, and signed by Canada on November 24 of the same year, at which date it went into force in our country.

If we find it worthwhile to sign international agreements directed against demoralization and obscenity, we should at least be consistent and apply, within our own

borders, the provisions to which we are pledged by those protocols and agreements.

We are committing the serious mistake of believing that the fight against obscenity or immorality is the doing of a mere handful of bilious and scrupulous minds. On the contrary, the Minister of Justice has received testimonies of encouragement from all quarters in Canada, from workers, professionals, students and even from the clergy. Whether we are Catholics, Protestants or Jews, we are not alone. Cardinals and other bishops are not alone, the protestant hierarchy, the rabbis, the most prominent members of the clergy want to see the end of this plague gnawing at the heart of our society.

But it is the responsibility of hon. members of the house to provide the police and the courts with the weapons that they will use efficiently in their fight against that filthy monster which is popular immorality. Most of us here have dependents and we do not want our sons and daughters to be sullied by that infamous literature and those disgusting shows. It is our responsibility to act, and that responsibility is sacred before God and before man.

Mr. Chairman, before closing my remarks, I should like to commend the Knights of Columbus of the province of Quebec who have espoused the fight against obscene literature. Particularly in the diocese of Joliette, at the request of His Excellent Mgr. Papineau, a committee has been formed to fight against obscene literature. That committee, whose action extends over the whole diocese, includes diocesan associations like the Knights of Columbus, the Knights of Champlain and the service clubs of Joliette. They have joined together in waging war against evil literature and in protecting our young people. I want to point out the important work that is being done in that field by the Knights of Columbus of Joliette, Council No. 1468, as well as by Knights of Columbus councils at Ste. Helene de Valois, Montcalm, St. Lin des Laurentides, and L'Assomption. All have done and are still doing much in the fight against obscene literature.

Mr. Chairman, may I once again congratulate the Minister of Justice for rising to his responsibilities, for amending the code in order to rid the nation of evil literature. Of course, there will be criticism of what he is doing, but nothing is perfect in this world, not even this bill. This legislation is not perfect but, even if it were, there would always be someone to try and find loopholes in it. Mr. Chairman, this legislation will be of great help to the Protestant, Jewish and Catholic associations, and to all right-minded people of this country by enabling them to fight even more efficiently against evil literature. It gives solid encouragement to law enforcement officers, to judges and to right-minded people across the country to persevere in their attempts to purge Canadian morals.

I commend the Minister of Justice for rising to his responsibility, and for tackling this problem—in fact, he has been at it for many years—and now that he holds the office of Minister of Justice, he is trying to carry out his great desire, that of helping the whole community, in short, to protect the young people of Canada.

(Text):

Mr. Fisher: The minister is responsible both for this and for another bit of legislation due to come before the house, each of which introduces, at least in my opinion, something completely new, or a new concept in the question of prosecution and the position of a defendant.

I think I can make the point by reading something the minister elaborated in his speech to the Quebec union of municipalities on May 17, 1958. I might point out that what I read also makes nonsense of the suggestion that the minister is not prepared to have any consultations now or to hear any other groups in respect to changes in this code. The minister said:

> We have, as I have said before, received some extremely interesting and often very practical suggestions to help us with our problem. A most interesting letter was received from one resident of Ottawa, who gave us his definition of the word obscene:
>
> "Any literature, any spectacle or other matter which you would not like to see related to your mother, or your wife, or young sister, or your daughter."
>
> The correspondent went on to remark that this was plain language that every man could understand. As you can easily see, however, a definition of this type leaves so much open to opinion that it would not seem, at present, to be the practical solution to the law.
>
> Another very excellent suggestion is that the code should prohibit the publication and distribution of material—

And note these words—which the minister said over a year ago; because, as a matter of fact, these are familiar words:

> —the dominant characteristic of which is the undue exploitation of sex, crime, immorality, horror, cruelty or violence, or any one or more of such subjects. This type of definition would appear to be very close to the solution to deal with the type of publication I have referred to a minute ago.

Let me interject here that the minister was very close to the solution last May. Why

did he have to wait so long to bring it in and deny one group that wanted to make representations the opportunity of doing so?

Mr. Fulton: I am not aware that I have denied any group the opportunity of making representations. I have heard from a large number of groups. I am quite certain I have indicated to anyone who has written to me that I would be glad to hear from them.

Mr. Fisher: I am referring to representations before a committee. I regret that this legislation could not have gone before a committee.

Mr. Fulton: Oh, that is quite different.

Mr. Fisher: The minister went on to say:

> Then, too, as of recent date, the unique suggestion has come in England recently. There, a policeman or law enforcement officer may seize publications from a newsstand; if he considers them harmful, he can take them to the court. The court then summons the vendor—

This is the key point. I continue:

> —and unless he can establish the innocence of the reading material, it is destroyed. If the material is not considered by the court to be obscene the material is then restored to the vendor. This is, perhaps, the most far-reaching method that I have heard of to date, and does place the traditional onus on the defendant rather than on the crown to prove whether or not a publication is obscene.

Does the minister admit that he has gone along with this and is changing the traditional onus which has rested on the crown and placing it on the defendant? I would certainly judge that to be the case from reading clause 12, which states:

> 12. The said act is further amended by adding thereto, immediately after section 150 thereof, the following sections:
>
> "150a. (1) A judge who is satisfied by information upon oath that there are reasonable grounds for believing that any publication, copies of which are kept for sale or distribution in premises within the jurisdiction of the court, is obscene or a crime comic, shall issue a warrant under his hand authorizing seizure of the copies.

Apparently this places the traditional onus on the defendant rather than on the crown to prove whether or not a publication is obscene. I suggest that if the minister had a reservation a year ago he should still have it now.

The Deputy Chairman: May I remind the hon. member that we are on clause 11, not clause 12.

Mr. Fisher: May I draw to your attention the fact that the minister in his statement referred to the procedure, which comes under clause 12.

Mr. Fulton: May I suggest that we consider clauses 11 and 12 together. They are closely related.

[Mr. Fisher.]

The Deputy Chairman: Is it the will of the committee?

Some hon. Members: Agreed.

Mr. Fisher: This would be dangerous even if we had only one example, but in other legislation the minister has indicated he is bringing in referring to the Combines Investigation Act the same idea is incorporated, and the defendants are going to have to show that there is something good or worth while about their particular monopoly; then they will get off. I am suggesting that these are two changes of which we should be wary because they introduce, as the minister says, a shift in the traditional onus from the crown to the defendant.

To support my contention that the minister's explanation is most unsatisfactory I will read an excerpt from the Ottawa *Citizen* of March 6, 1959, which reads:

> More judicial guidance on what constitutes obscene literature would be helpful to the customs and excise department, deputy minister David Sim said Thursday.
>
> Mr. Sim told the commons estimates committee that he would like to see more appeals to the courts on decisions of the department to ban certain foreign books.
>
> "This way, we would get some direction on this thing," Mr. Sim smiled.
>
> He said that officers of his department and revenue minister Nowlan did not relish their job of acting as censors.
>
> "No one in his right mind would ask for a job like that," he commented.

In my remarks the other evening I pointed out that the main problem in so far as obscene literature or books are concerned lies with publishing that is done outside of Canada. Very little publishing is done in Canada, and such a minimal fraction of that is likely to be obscene that it is obvious that the main problem in so far as rational adults who read are concerned stems from books published outside of Canada, especially in France and perhaps in England and the United States. Perhaps, however, the minister does not agree with me. What does the legislation do in this regard? I gather not a thing except this one point, and I would imagine this could be a dangerous point and I want an explanation from the minister on it.

Under this bill, as I understand it, if a judge does decide something is obscene then notice goes to the attorney general of the province, who I gather can declare that this particular material is obscene as far as that province is concerned. Does this mean that our customs and excise authorities are going to take the decision of the attorney general of one province and apply it all across Canada? I can certainly foresee difficulties arising from

this situation, because there are marked disagreements from province to province about what may constitute an obscene publication.

If as a result of this new procedure the decision of a judge promulgated by an attorney general is to be taken by the customs branch as official advice that will determine whether a book is admitted or barred from a country, we are going to be up against the problem of having the action of one magistrate and one attorney general determining the policy in so far as the importing of certain books is concerned.

The minister indicated that despite the new definition the Hicklin definition of obscenity as something tending to deprave and corrupt would still be enforced. I should like him to give us an indication how he thinks that definition will work. He used a British example, but I wish to point out to him that there has been considerable controversy over the Hicklin definition and over the way United Kingdom censorship is exerted. The objections concentrate largely upon the stage plays and the role of the chamberlain; however, there has been a great deal of dissatisfaction concerning the censorship of books in that country. I can give the minister several examples such as "Lolita", which we can buy in this country because it is allowed in but which is not allowed into England at the present time. Another example is D. H. Lawrence's "Rainbow" away back in 1915, which was barred at one time but later allowed to come in.

The British in their application of the Hicklin ruling regarding depravity and corruption have scared the wits out of many publishers. And England is not looked upon by publishers as being as open and fair a place to publish as is even the United States. The whole question of how you define obscenity, I think we all agree, is most difficult. The meaning of the word "obscenity" as legally defined by the courts in the United States is as follows:

> —tending to stir the sex impulses or to lead to sexually impure and lustful thoughts.

This definition is taken from the judgment of John M. Woolsey, United States district judge, in the case of the United States of America v. one book called "Ulysses". The judge went on to say:

> Whether a particular book would tend to excite such impulses and thoughts must be tested by the court's opinion as to its effect on a person with average sex instincts—what the French would call *l'homme moyen sensuel*—who plays, in this branch of legal inquiry, the same role of hypothetical reagent as does the "reasonable man" in the law of torts and "the man learned in the art" on questions of invention in patent law.
>
> The risk involved in the use of such a reagent arises from the inherent tendency of the trier of facts, however fair he may intend to be, to make his reagent too much subservient to his own idiosyncrasies. Here, I have attempted to avoid this, if possible, and to make my reagent herein more objective than he might otherwise be, by adopting the following course:
>
> After I had made my decision in regard to the aspect of "Ulysses", now under consideration, I checked my impressions with two friends of mine who in my opinion answered to the above stated requirement for my reagent.
>
> These literary assessors—as I might properly describe them—were called on separately, and neither knew that I was consulting the other. They are men whose opinion on literature and on life I value most highly. They had both read "Ulysses", and, of course, were wholly unconnected with this cause.
>
> Without letting either of my assessors know what my decision was, I gave to each of them the legal definition of obscene and asked each whether in his opinion "Ulysses" was obscene within that definition.
>
> I was interested to find that they both agreed with my opinion: that reading "Ulysses" in its entirety, as a book must be read on such a test as this, did not tend to excite sexual impulses or lustful thoughts but that its net effect on them was only that of a somewhat tragic and very powerful commentary on the inner lives of men and women.

I bring up that point of literary assessment because of its relevance to the amendment we plan to move to the particular amendment brought in by the minister.

The hon. member for Hull pointed out that some religious groups have protested against the definition contained in this amendment. These religious groups have tended to be, as I understand it from the two items in the newspaper which I noticed, protestant religious groups. This underlines another very touchy and difficult point, that different religious groups have different sensitivity toward censorship and the whole idea of censorship and of obscenity. This is all the more reason why we should be very careful in the kind of measures we introduce.

It is very difficult for me to see how one can bring in an amendment to point out the traditional onus being shifted from the crown to the defendant. I do think that because this is such a switch we deserve a much more careful and reasoned explanation on the part of the minister as to whether it is a desirable thing that is being introduced, and whether it may not put far too much power in the hands of the crown. I know the minister underlined several times that this is designed to get after the comic books and the things that are on the newsstands, but how can he be sure it will not extend farther than that, and that an occasion will not rise when through one magistrate and one attorney general we might find ourselves in a position where much more than just the degrading comic books are in danger of being swept away from people who might care to read them.

The standards of magistrates will vary from person to person and place to place. I always remember one of the conclusions that Kinsey came to in his study of the sexual habits of the American male, which was I think a very relevant one, that magistrates and lawyers tend to come from a more sophisticated level of society, and certainly a more educated level, than the ordinary working man. They have different mores in regard to certain sexual aberrations. For example, the magistrates and the lawyers and the crown counsel tended to take a much more serious view of rape than the working man or the working class people tended to take. On the other hand, the working class people tended to take a much more serious view of homosexuality than the magistrates and the middle class did.

Kinsey pointed out that this is one of the great difficulties in trying any criminal matters in this particular field. First, what are the standards of the particular group or society or community within which a person making a judgment comes? I would not suggest that this analysis of Kinsey's can be applied across the board, but I still think it can underline the point that there is a great variation in what people consider to be obscene.

I can give the minister an example from this house. The other night an hon. member came up to me and asked whether I had read "Lolita". I happened to have read the book three times because it seemed to me it was a serious focal point of the kind of problem the censor is up against. Quite frankly I was shocked by it the first time. Friends of mine who are literary persons said "Read it again". I read it again and I began to see that here was a book which had perhaps exceptional literary merit, and after reading it a third time I became convinced that it was probably the best novel of its kind—I mean by that, a social criticism, expressing a social criticism, a social analysis of the United States—that I have encountered in five or six years. The member of this house to whom I was talking about this is a man whose opinion I respect very much. He told me—

The Deputy Chairman: Order. I must advise the hon. member his time has expired.

Some hon. Members: Continue.

The Deputy Chairman: Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Fisher: As I say, I respect the hon. member's opinion very much. He said that after 15 or 20 pages he put the book down. He said it was a horrible, terrible thing, which should never be allowed in. There is an example right within this house. I would like to think that I am a man of common sense. The hon. member to whom I spoke is a man with a fair amount of common sense, but you can get that much variety. That is why it seems to me that giving to magistrates and judges this much power is very dangerous.

I should like to know from the minister whether he has had any representations from the publishers in regard to this definition. Have they had the opportunity and the time to consider it? I should like to ask him what he thinks of the representations that I hope he received from the Canadian library association.

Since I have already overstayed my time, Mr. Chairman, I move, seconded by the hon. member for Timmins:

That clause 11, subsection 8, be amended by striking out "a" in line 11 and substituting therefor the word "the"; and that the clause "and which is without literary or scientific merit", be inserted after the word "violence" in line 14.

Subsection 8 will then read:

For the purpose of this act, any publication the dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence and which is without literary or scientific merit, shall be deemed to be obscene.

I should like to give the reason for changing the article "a" to "the". First, it seems to me confusing. I would like to understand why a thing has a dominant characteristic. If you say that in a household the wife is the dominant person, that is the dominant characteristic perhaps in that household. "Dominant characteristic" is what confuses me. The only thing I can see it means is that in a book you could have a whole host of dominant characteristics, and you could pinpoint this one. If you take a book like "The Naked and the Dead" by Norman Mailer, which I thought was one of the great commentaries upon the war, to me the dominant characteristic in that book was the fight between the liberals with a small "l" and the fascists represented by the lieutenant and the general.

I could certainly say that was the main theme running through the book. Another reader might look at it and say the dominant characteristic was that of sex, because there were some scenes in it dealing with sex and therefore that would come under consideration. I think the putting in of the word "the" instead of "a" would help clear up this particular point.

The reason for adding the clause "and which is without literary or scientific merit" stems from the remark the minister made concerning the word "undue". He felt that the word "undue" would give protection to

works of literary, scientific or artistic merit. I feel that if he wants to protect books of that kind he should not depend upon the interpretation by some lawyer or some judge of the word "undue". Let us put it right in there.

One of the things this would do, since the onus is now being put upon the defendant under this legislation, is that it would give him something to bite into. He could say, "Look, I can show this has literary merit because professor so-and-so of Carleton college has said so". He could show the work had scientific merit by comparing it with a certain scientific encyclopaedia which would show that the facts were there. We feel this would give more protection to the defendant upon whom the onus is being put at this time.

Mr. Crestohl: The minister made a rather lengthy statement this morning, Mr. Chairman, in connection with obscenity. I wondered why the minister was so late in giving that lengthy explanation.

Mr. Fulton: Because this is the first time we have reached the clause in committee, which is the proper place to make it. It is not late at all; it is the first possible proper opportunity.

Mr. Crestohl: I suppose the same thing occurred with respect to clauses 2 and 3, and perhaps rightly so. When we were debating the principle of the bill some of the speakers presented some of these problems to the minister and asked him in his reply to deal with these matters in order to enlighten the house on these various subjects. We discussed clauses 2 and 3 for some time, and it was after the adjournment of the house that the minister came back with a lengthy statement.

It is quite right that the minister should have heard some of the comments of the members and then come back with a long explanation as to why this innovation should be considered now. We had a lengthy discussion of this question of obscenity during the early part of the discussion on the principle of the bill, but only now does the minister come forward with a statement. The minister did take the trouble to make a statement in the general debate, but instead of dealing with these questions the minister, as the hon. member for Hull quite properly said, apparently had nothing prepared with which to answer and therefore launched into a political attack. This is what stirs me into stating what I am about to say.

The minister, instead of dealing with the question of obscenity or the definition of the words "undue" and "dominant", proceeded to attack Liberal members from the province of Quebec, and accused them of attempting to make a farce out of the matter. Actually the minister was then talking on his bill, and the dominant part of his address—I underline the word "dominant"—was purely political. If one were to go by the definition that we are being given, then one would say it was obscene.

I say that in all frankness to the minister, because I have always held that if there is one member of the cabinet who should be very anxious to avoid stooping to politics on every possible opportunity, that cabinet member is the Minister of Justice. He should really sit in an ivory tower and remember that he is there as the Minister of Justice for all parties in Canada and not merely for one party.

Mr. Pigeon: You will vote against the bill?

Mr. Crestohl: This has nothing to do with voting against the bill. I would vote against the minister for becoming political on a very important issue. There are cabinet ministers who, at times, can be political on various matters, but I have always hoped that the Minister of Justice would not, at each opportunity, stoop to pure and unadulterated politics. He should stay on the level of justice.

I say that when this matter is discussed—I do not make this as an accusation—the minister should not behave in that way but should give us an explanation such as he gave this morning with respect to obscenity instead of giving us something which, I repeat with the greatest respect, was unbecoming to any minister of justice in any government at any time. I point out that if the minister, in passing, had simply mentioned that he could not understand why the Liberals from the province of Quebec were treating the matter lightly, that would have been one thing. I have not the text in front of me, but the minister said four or five times, and he emphasized this, that the Liberals from the province of Quebec were making very light of this thing. I shall repeat that the fact that this was the dominant theme of part of his address made that part of his address obscene according to his own definition.

I would prefer, when we come to clauses 11 and 12, to deal with those in the way in which I think they should be dealt with. There is much to be said for them. I do not want to confuse both of my statements. I again appeal to the minister that in dealing with matters of justice, above all when he is dealing with amendments to the Criminal Code, he should keep the discussion on the high level of justice. Why could he not do that?

Mr. Fulton: Because you got it down from there in the first place.

Mr. Herridge: Mr. Chairman, I have a few remarks to make on this question because a number of my constituents have been most interested in this legislation. First of all, let me say we all know this matter has been of serious concern to a large number of people throughout Canada in recent years. I want to say right now that we agree with the intentions and objectives of the minister, but I rise to support the amendment moved by the hon. member for Port Arthur because we believe this amendment will further protect the rights of a free press and the right of free speech as we understand it.

As I said before, this is a most difficult problem. I know that so far as our group is concerned, since this legislation was introduced we have given considerable thought to this clause. We have had a number of meetings, and we have discussed the clause from every angle. I can assure the minister it is the intention of this group to offer this amendment in a constructive way in order to best meet his objectives and his intentions.

Now, Mr. Chairman, to indicate that there is serious consideration being given to this legislation since it was introduced into the house, I should like to read a news item from the *Gazette* of June 17, 1959, which I think puts briefly and in better form than I could the arguments against the clause as it is now worded. The article is entitled, "Clergy Hit Obscene Law Plan". It reads as follows:

Proposed federal legislation defining obscenity in relation to literature was attacked today by three clergymen here for the eleventh annual summer school of religion as indefinite and unnecessary.

In an interview at the University of Western Ontario, Dr. James T. Cleland of Duke University, N.C., Rev. W. B. J. Martin of the Scottish Congregational College, Edinburgh, and Rev. D. R. Fraser of Byron, Unitarian minister in London, agreed a wrong tack was being taken.

"You cannot legislate people into the kinds of individuals they should be," said Mr. Fraser, whose letter to the editor of a London newspaper prompted the discussion.

The letter stated in seeking more information about the proposed legislation: "We are already shackled by the legal chains of an outmoded Victorian morality in such matters as divorce and birth control. Citizens should be on guard to see that the prudery of a few does not place undue hardship or false propriety upon the many."

The reduction of obscenity in Canadian publications might be better achieved by a program of education rather than one of legislation, the ministers maintained.

We heartily agree with that contention. In the long run it is a program of education and of the raising of standards and concepts in this field that will bring the real improvement that we are all seeking.

[Mr. Crestohl.]

Wording Has Loopholes

Besides, Dr. Cleland, said, the legislation proposed leaves the matter wide open by its wording. The lawyers will have a field day with it.

We were under that impression, Mr. Chairman, when we were discussing this matter in our caucus. In our opinion it is wide open and leaves opportunities for wide differences of opinion between lawyers, magistrates and judges across Canada.

The legislation defining obscenity planned by justice minister Fulton for inclusion in the Canadian Criminal Code reads: "Any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene."

The clergymen pointed to the words "dominant" and "undue exploitation" as providing ready made loopholes.

We agree with that contention.

Dr. Cleland and Mr. Martin are guest lecturers at the UWO summer school which is now in its second day at university college.

More than one hundred clergymen are attending the five-day school.

Then to follow up that matter I want to read an editorial from the *Globe and Mail* of June 15 of this year. It is a very well known paper which generally supports the Conservative line of politics. It is a very fine paper, one which has a very good format and which in my opinion generally has a very excellent and democratic approach to international and national affairs and problems. I read many of the editorials with a great deal of pleasure and agree with them on many occasions, as I do with this one which is entitled "What is Obscenity?". It reads as follows:

Efforts by legislators and courts to define obscenity in literature have never been very successful. The dominion cabinet has just made a creditable attempt in an amendment to the Criminal Code introduced in the House of Commons.

Although the Criminal Code makes it an offence to sell "any obscene written matter, picture, model, phonograph record or other thing whatsoever", it does not at present specify what obscenity is. Police and courts are left to supply their own definitions, with such help as they can obtain from past precedents. The test commonly used in Canada was formulated by an English judge in 1868; "Whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influences and into whose hands a publication of this sort may fall".

This definition is open to serious criticism, in that it makes the reactions of immature or abnormal individuals rather than those of normal adults—

Like members of parliament.

—the touchstone for determining whether a book is or is not obscene. Applied rigidly and literally, it can lead to the banning of many serious works of literature.

In place of this old rule, the proposed amendment offers a new definition for obscene matter:

Then the editorial quotes the section with which we are dealing, namely section 11, and continues:

This is a distinct improvement on the 1868 rule in two particulars.

We agree with that statement.

It lays stress on the "dominant characteristic" of the work rather than on isolated passages. More important, it makes the test whether there has or has not been a deliberate effort to exploit sexual desires. With this definition, it should be a little easier to draw a distinction between real pornography and works with a serious literary purpose.

Even so, the interpretation of the section is bound to present many difficulties. Where, for example, is the line to be drawn between "due" and "undue" exploitation? Narrowly construed, the new definition could condemn such classics as Hamlet, Othello and King Lear, all of which concerned with "sex, crime, horror, cruelty and violence". A great deal will still depend on the good sense of individual judges and magistrates.

It is unfortunate that when the government is trying to bring the law up to date on this matter, it has failed to touch the silliest and most indefensible anomaly of all. This is the rule which gives the Department of National Revenue authority to exclude from Canada any imported material its officials consider immoral or indecent. It is generally agreed that customs inspectors are not qualified to decide—as a sideline to their regular jobs—the often difficult and subtle question of whether a particular book is obscene. They do not, in fact, want the responsibility.

I am sure the Minister of National Revenue has indicated to the house very clearly that he does not enjoy this responsibility.

The law should be changed to leave the decision in all cases to the courts.

We think that editorial has placed the position very well indeed. With respect to the question of what is obscenity, may I say that I listened to a television broadcast at 10.30 p.m. eastern standard time over the trans-Canada network on Wednesday, February 10. I am going to read only the concluding paragraph because I think it deals effectively with the difficulty of definition.

To obviate this and other dangers—

This is referring to obscenity.

—it would seem that the most desirable procedure to deal with the present problem in Canada would be to attempt to enact a satisfactory and workable definition of the term "obscenity" and to apply the law where it was needed. Whether such a definition is possible is a question for those skilled in the law to decide. But this method would certainly seem preferable to the establishment of local or provincial boards of censors or the continuance of the present admittedly inadequate inspection of books entering the country. A combination of the threat of legal action, based on objective criteria, and the pressure of intelligently exerted public opinion should be sufficient to check the spread of unpleasant written material in this country.

As I said, Mr. Chairman, we fully recognize the difficulty of this problem. In moving this amendment we are trying to overcome what we think are some of the objections to the section as it now stands and to make the law clearer for magistrates and judges who have to administer it.

The hon. member for Port Arthur mentioned the different standards of magistrates and judges throughout Canada. I am sure the minister, with his knowledge of British Columbia, realizes that there is a great difference in standards as between magistrates and that things must be clearly defined if the law is going to be fairly applied all across Canada.

In order to illustrate that point may I say this. I remember two old justices of the peace in my district who were good citizens throughout the years. I remember that they always confiscated whisky that was produced in court. When people were charged with drinking it, they would solemnly confiscate it in the name of the crown to be presented to the local hospital. I was president or director of our local hospital for 18 years and I never had knowledge of a drop of that whisky ever turning up at the hospital. I want to mention that the point which always struck me was that the dear old gentleman, who was highly respected and was of Scottish descent, always concluded his sentence, whatever it was, $5 or $50, by saying, "Gentlemen, it is obscene to drink in public." There we have a definition of obscenity, and an example of the difficulties you get into with respect to differences between magistrates and judges. That might be an extreme case, but there is that possibility.

It is for the purpose of removing that deficiency as far as possible in respect of the section that my colleague the hon. member for Port Arthur has moved the amendment. Our group has given this section particular study. I think I can say that no clause of any bill which has been introduced into the house this session has received more consideration from this very small but very intelligent and very industrious group. We introduced this amendment because we believe it will achieve the common objective this group has in seeking to deal with the actions of this vermin of free enterprise which seeks to make a profit regardless of the welfare of our young people in Canada, and at the same time we are endeavouring to protect the rights of the free press and the right of free speech. Therefore I urge the minister to give serious consideration to our amendment in an effort to meet the needs of our times in those two directions.

Mr. Pearson: Mr. Chairman, may I first say a word about one part of the amendment; the other part we will have a chance to study. I am directing my remarks to the

part which proposes that for the words "a dominant characteristic" should be substituted "the dominant characteristic", which seems to us to make sense. However, if the hon. gentleman who moved the amendment would look at the French version of the bill, and if the minister would look at it, he would find that the French version of the bill meets that particular point, because the French version reads "la caracteristique dominante", whereas the English version is "a dominant characteristic". Perhaps we had better find out first from the minister which language will prevail in respect of this particular point.

So far as the clause itself is concerned, I agree with the hon. member who has just spoken that all members of this house undoubtedly support the purpose of this amendment, and we hope that purpose will be achieved by the amendment. We hope those who have been sceptical about the result of this amendment, in that it will make additional work for lawyers—or as one person, Mr. Harold Weir in the June 23 issue, of the Vancouver *Sun* put it, that the only thing accomplished by this so-called definition is to make the problem of pinpointing obscenity more complex—will be proven wrong by this amendment if it becomes law.

What it does, of course, is tighten up legal sanctions against what we all recognize to be wrong and evil, obscenity; but these legal sanctions, even though they are tightened by this clause, will not have the effect we would like them to have if they do not have behind them perhaps the even more important moral sanction of public opinion. Bishop Gower said, as reported in the Vancouver *Sun* the other day:

> It is society that is making this problem, and only society can cure it. If the change in law is a reflection of the desire of society as a whole, then it will be a change for the better.

We also hope, Mr. Chairman, that this tightening up can be brought about without interference—I know the minister hopes this also—with our traditional freedoms, our freedom of expression, which we cherish and which we do not want to see weakened. I am sure that by leaving this matter as it is intended in the hands of the courts we will get the kind of protection for our freedoms that we have the right to expect.

There is one aspect of this amendment with which perhaps the minister has dealt. If he has I apologize, but it has to do with the definition of "publication". When the problem was being discussed in the British House of Commons in the spring, the minister will perhaps remember that the solicitor general emphasized that while most discussion about obscenity had centred on authors and books, the responsibility of the government was much wider than that and had to include things like records, pictures, films and television film tapes. So I ask the minister whether the definition of "publication" is wide enough to cover these other matters without which, of course, this amendment would only have partial effect. Perhaps he could deal with that point.

I would like to say in conclusion that we heartily approve of the purpose of this amendment, and we hope this purpose will be achieved without interference with those freedoms which are of such great importance and which are always under threat these days.

As far as the other part of the amendment is concerned, that which would insert the words "and which is without literary or scientific merit", we would like to study it. I have the feeling that it is already covered, but we would like to look at it and express our views on that after the luncheon recess.

Mr. Fulton: Mr. Chairman, I realize it is just before one o'clock, but there is one point I would like to deal with now. I shall attempt after one o'clock to deal with every point which has been raised, but I want to deal with one point now to clear up a misapprehension.

The hon. member for Port Arthur said that in clause 12 we are shifting the onus of proof from the crown to the accused. I would like to correct that misapprehension at once and say that is not the case. If my hon. friend will read subsection 1 of the proposed section 150A, as he has done, he will see that the judge has first to be satisfied by information upon oath that there are reasonable grounds for believing that any publication is obscene. Then if he reads subsection 4, he will see it reads:

> If the court is satisfied that the publication is obscene or a crime comic, it shall make an order declaring the matter forfeited to Her Majesty—

In each case, but particularly in subsection 4, which is the main consideration which has to be met before the order can be made, the court has to be satisfied. Mr. Chairman, the onus of satisfying the court is always on the crown; therefore it is perfectly clear that the crown has to discharge that onus of proof that the matter complained of is obscene within the new definition or the definition of the Hicklin case, whichever definition the crown wishes to rely upon.

I would like to dispose at once of any suggestion that we have put upon the man in whose possession the publication is found the onus of coming to court and proving that the publication is not obscene. He does not have to prove that. He has to come into

court to answer an allegation, yes. The allegation is that the matter is obscene, but there is no onus on him to prove it is not. The onus is still on the crown to prove that it is obscene before the court can be satisfied that it should make the order referred to.

In that connection I think my hon. friend was not quite clear in his reference by way of illustration to something which was proposed to be done in another bill, namely the bill to amend the combines act. My hon. friend said that we had again shifted the onus to the accused, and my hon. friend has missed the point. We have done nothing of the sort. What we have done is to create certain defences. We have made it clear that there are defences to a charge, and those defences were not established before. It is one thing to establish a defence, in which case of course the accused has to prove the defence; but that does not shift the burden of proof with respect to the charge itself to the accused. The crown still has to prove its charge. Then if the accused relies on certain defences, he has to prove them. All we have done there is to say that there are certain defences available, and then the accused has to prove them if he relies on them. Therefore in neither case have we placed any onus on the accused of proving his innocence; the onus is still on the crown to prove the offence as charged.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Shall the amendment carry?

Mr. Fulton: I do not think the amendment has yet been put. We were discussing it before lunch, and I had just dealt with some of the points which were made by the hon. member for Port Arthur. I should like now to deal with some of the other points which were raised by hon. members during the discussion.

The hon. member for Hull implied that I was somehow or other guilty of failure to carry out an undertaking in that we have not provided, made special provision in this clause for proceedings against a printer or publisher. In the first place I should like to say that I gave no such undertaking. What I said in the speech to which the hon. member made reference was that we were considering whether we should make some special provision for the prosecution of printers and publishers to an extent not normally made now.

We did consider that point, which was what I undertook to do, but we came to the conclusion that because the question of proceeding against printers or publishers or anyone else who may be involved in this offence is primarily one for the law enforcement officers of the crown, and as the law enforcement officers of the Criminal Code are the attorneys general and other officials of the provincial governments, it did not seem very appropriate for the federal government to provide that there should be a prosecution of a printer or publisher in every case, or in any particular case. Of course a printer or publisher, if he is subject to the jurisdiction of our courts, can be proceeded against on the decision of the provincial attorney general or other prosecuting officer.

I would also remind the committee that inasmuch as we are providing this new procedure *in rem* we feel that this provides a quick, and as I have said before, objective method of disposing of the issue as to whether or not a publication is obscene, and it would be our expectation that, if the courts did decide that a certain publication was obscene, the matter would be finally disposed of and the publication withdrawn from circulation. Of course should a decision to this effect be given by the courts and the publisher or printer, or anyone else, persist in continuing the offence of publication in Canada, that person, whoever he might be, would be liable to prosecution with the consent of the attorney general.

Mr. Fisher: In any part of Canada?

Mr. Fulton: In any part of Canada, yes; wherever he could be found, but you cannot prosecute him in one province for an offence committed in another.

Mr. Fisher: Let us take as an example the novel "Lolita". Suppose someone brings it to the attention of the authorities and Britnell's in Toronto has a whole host of copies; does a decision reached by the magistrate in Toronto mean that all across Canada booksellers who have "Lolita" in stock should stop distributing and selling it?

Mr. Fulton: I think the practicality would be that a case of that kind would come before the Supreme Court of Canada before it was finally settled. If a disposition were finally reached in this way, that decision would, of course, be binding on all courts in Canada. But if in a particular case a decision was only given in the magistrate's court, that decision would not be binding on other courts in Canada, particularly on higher courts. Persons who might be called upon to give advice as to whether or not their clients should continue to distribute a particular publication would no doubt be largely

guided by the decision made in whatever court it might have been given, but the only decision that would be binding on all the courts of Canada would be a decision of the Supreme Court of Canada.

Mr. Fisher: Can I ask the minister what effect these magistrates' decisions on books might have upon the customs people, and what considerations they are to take into account?

Mr. Fulton: That would be a matter of administrative policy on which I have not had any discussion with my colleague the Minister of National Revenue to find out what instructions he would give, but I would assume it would be the normal thing that, if a certain publication were found by a magistrate's court or any other court in Canada to be obscene under the new provision, the Minister of National Revenue would so instruct his customs officers and they would tend to give effect to that decision where they were called upon to do so to prevent it from entering the country.

Mr. Fisher: Because of the decision of a magistrate?

Mr. Fulton: Yes, wherever the decision might have been given. But, as I say, all these decisions are subject to appeal. I find it difficult to contemplate a customs officer, knowing that a decision had been given by some court in Canada that a certain publication was obscene, continuing to allow it to come into Canada. I cannot conceive that would be done. One good reason is that, if the decision is not appealed, one must assume that the person concerned accepted the decision as proper. If it were not accepted as a proper decision, presumably it would be appealed. Therefore I think the customs officer would be entitled to assume, in the absence of an appeal, that the decision of the magistrate's court was one to which he should give due weight.

Among other questions raised was the question of whether or not expert witnesses should be allowed to give evidence in prosecutions under this amendment. I recognize that the United Kingdom bill includes a provision which would allow the giving of expert evidence, but I know that this caused grave misgivings to the law officers of the crown there. I should like to emphasize that there is a fundamental difference between the approach here and that in the United Kingdom—the only fundamental difference of which I am aware—namely that we are seeking to establish an objective test whereas in the United Kingdom they have simply carried forward, with some modification but in the main without modification, the distinction in the Hicklin case, which as I have said before is an almost completely subjective test. We are trying to keep this as simple as possible to make it possible for a court to apply simply rules to establish whether or not a publication is offensive, and in general that is not a type of test which lends itself to interpretation by expert witnesses. On the other hand, the subjective test depending on opinion is a much more proper opportunity for expert evidence to be heard. But while we do not feel at the moment, that it would be appropriate to include a provision allowing the giving of evidence by expert witnesses, we shall watch carefully the experience in the United Kingdom and will reconsider the point on the basis of their experience and our own experience in connection with the amendments.

I was asked whether I had spoken to any representatives of the publishers since the bill was introduced. I have not spoken to them personally, but at the request of one spokesman for Canadian publishers I arranged an interview for my deputy minister, and he and this gentleman had a long and informative discussion as a result of which I believe some of the misapprehensions in the mind of this particular publisher about the effects of our legislation were removed. We indicated to the gentleman in question that, if he had further representations to make, we would be very glad to receive them, but as yet we have not heard further from him or from his association.

The hon. member for Kootenay West, if I may suggest it with respect, seemed to me to adopt two conflicting positions. In the first place he said it was the desire of the C.C.F. party to make certain that we did not go too far, that, in introducing these amendments, we did not go so far that we might throw the net over books about which there was genuine controversy. I think that was the effect of his argument, and with that view I find myself in agreement. As I explained in the statement I made this morning we have been careful not to go too far, and for that reason we deliberately used the phrases "dominant characteristic" and "undue exploitation". If the hon. gentleman had stopped there, I would have agreed with him entirely, but he went on to read the report of the statement made by a group of clergymen at a meeting in London, Ontario, in which they suggested the exactly opposite view; that is to say, they attacked the use of the words "dominant" and "undue exploitation".

I point out to the hon. member for Kootenay West and to hon. members of the committee, because others have referred previously to

the statement made by the clergymen, that one of the three clergymen quoted is from the United Kingdom and another is from the United States; and while I respect their motives and their learning I think it may be fair to suggest they are perhaps not intimately aware of the situation in Canada. The interesting thing is that these gentlemen attacked the bill—where they attacked it at all specifically—on the grounds, as I say, that we used the words "dominant" and "undue exploitation". If we were to take those words out, it seems to me, we would be in danger of going too far, perhaps, in bringing under the terms of this definition, in an absolute fashion, books over which there was room for genuine controversy because while they contained some passages or words that might be regarded as objectionable, on the whole they were regarded as being of genuine literary, artistic or scientific merit. It is to protect the position of such publications that we have used those two phrases, "dominant characteristic" and "undue exploitation".

The Leader of the Opposition asked me whether the absence of a definition of the word "publication" would have the effect that the legislation would not cover such matters as phonograph records and other objects. I would direct his attention to the fact that section 150 of the Criminal Code at present provides as follows:

150. (1) Everyone commits an offence who
(a) makes, prints, publishes, distributes, circulates, or has in his possession for the purpose of publication, distribution or circulation any obscene written matter, picture, model, phonograph record or other thing whatsoever—

I believe that is the answer to the question; that these other various types of offensive materials are covered in the earlier provision of section 150 of the code.

I was asked a question as to whether the word we intended to use is "a" dominant characteristic or "the" dominant characteristic. I admit that in this regard there is apparently a difference, and it is an important difference, between the English version and the French version. The English version of this bill shows that the proposed section could read as follows:

For the purposes of this act, any publication a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene.

That is the formula we intended to use. Those words express correctly the intent we had in mind in introducing the bill. The French version, however—

Mr. Herridge: As that correction is included in our amendment, will the minister not agree that the study made of it by the C.C.F. indicated the weakness in the amendment on this point?

Mr. Fulton: That may be, Mr. Chairman; but I believe, for reasons I will explain, that the C.C.F. amendment is itself in error in seeking to incorporate the word mentioned therein. I shall deal with those reasons in a moment. "A" is the word we intended, as it appears in the English copy of the bill. If, therefore, the committee agrees with me and rejects the amendment of the C.C.F., I will move that the French version be corrected by deleting the word "la" where it appears and substituting therefor the word "une" which will make the English and French versions the same.

The reasons I suggested that the amendment moved by my friend the hon. member for Port Arthur should not be accepted are the following. We are trying to keep this bill as simple as possible and make it as simple as possible for the courts to find whether or not a publication is obscene. What is it that the courts are called upon to consider in making this finding? They will be called upon to consider whether it is a dominant characteristic of a publication that it unduly exploits sex, or sex and any one or more of several subjects, and it seems to me it is a simple question to put before the courts, to determine whether it is a dominant characteristic of a publication that might be in question.

If, however, you use the word "the"—it is "the" dominant characteristic of the publication in question—that does open all sorts of loopholes for legal argument of exactly the type which my hon. friends have previously criticized; because then you might have the lawyer for the defence suggesting that perhaps the dominant characteristic of the book is not this undue exploitation of sex, etc., but it is perhaps the artistic format of the book itself or some other characteristic of the book. If the courts answer the question that it is a dominant characteristic of a publication that it unduly exploits sex, I do not think the courts should be asked to make refinements as between other principal characteristics of the book and as to which one is the dominant and only characteristic. It is quite possible for a book to have more than one major characteristic.

If my hon. friends will look up the definition of "dominant" in the Oxford English dictionary they will find that one of the definitions—and I say it is one and not the only definition—is "occupying a commanding position". As an example of the use of the word "dominant" in that sense I give the following: "To take possession of the dominant parts of the globe", which indicates clearly

that there may be a number of dominant parts or characteristics of a single whole. Therefore we have purposely used the words "a dominant characteristic" rather than "the dominant characteristic" for the reasons I have tried to indicate.

The other part of the proposed amendment would add the words "and which is without literary or scientific merit" so that the proposed clause would then read:

> For the purposes of this act, any publication the dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence and which is without literary or scientific merit, shall be deemed to be obscene.

I am sorry I cannot accept that part of the amendment either, for this reason. It seems to me that the insertion of those particular words would impose definitely upon a person who intended to publish an obscene book the necessity merely to put in one chapter, or indeed one paragraph, with literary or scientific merit, and then he would argue that this book did contain some passages of literary or scientific merit. Therefore, he would say, this book should not be found to be obscene.

We have provided in this section as it is drawn, Mr. Chairman, what we believe to be a fair, simple and conclusive test; namely, is a dominant characteristic of this book, or of other work, the undue exploitation of sex, or sex and crime or any one of a number of additional subjects? I think this is a simple question for a court to answer, and if the court can answer the question affirmatively, then I see nothing unfair in its bringing in a finding that the particular publication is obscene.

We do not want to open loopholes which, first, will permit of a number of unduly technical arguments; and, second, may well provide a loophole for escape on the part of those who should not really escape at all. Therefore I must say we cannot accept the amendment.

Mr. Fisher: Mr. Chairman, I was not very convinced by the definition of "dominant" the minister read out. I still think there can be really only one dominant characteristic of something. I believe the minister could or should elaborate even more on some examples of what are a series of dominant characteristics. I know in the field of heredity study the phrase, "genes with dominant characteristics" is used in the plural, but that is about the only field I can think of in which it is the practice.

To say that the amendment respecting literary and scientific merit might open the door to someone sneaking in something, I understood the minister to say the very reason the words "undue exploitation" were used was to give protection to works of scientific, literary and artistic merit. If that is so, and since there may be a great deal of argument over "undue", I thought the addition of the direct phrase "and which is without literary and scientific merit" would correct that situation.

The minister emphasized throughout his remarks that this is a simple and objective way of getting at the problem that is presented to us. I wonder whether we really want it that simple. I wonder whether we really do not want the protection that we would get from having "the" instead of "a", and requiring that literary or scientific merit be considered. What is the magistrate going to do when this material is brought before him if it is not to make a decision as to whether the work has literary or scientific merit?

This brings me to the point where the minister said I was wrong in suggesting that the onus was being shifted from the crown to the defendant. Perhaps my choice of words was not fortunate; perhaps I did not make the point very well, but it certainly seems to me that this is a new procedure which is being tried by this amendment. For example, if a crusading police officer in a metropolitan city wanted to build up his reputation he could go around and make a number of seizures; or a crusading politician, as far as that is concerned, could go in and note some material and then take it to the magistrate or to the crown attorney and swear under oath that there were reasonable grounds for believing that this material was obscene. The material is all pulled off the shelves and the seller finds himself in court.

In effect, it seems to me that under subclause 3 he has to come in and show cause why the material should not be destroyed. What happens to him in the interval? It seems to me that by those seizures the court is putting him in a very serious situation. It could wind up by his getting into business difficulty, especially if his whole stock or a large portion of it was seized. It could certainly, because of the action of bringing him before the courts, bring him into disrepute and therefore put his business in difficulty. From that point of view I think this new procedure does put the defendant in an unusual position.

I wish I had more legal background so I could make a point about subclause 3 in effect forcing the defendant to show cause why the material should not be destroyed. I feel that this is something new, and I should like the minister to give us the precedents for this kind of procedure in law or in Canadian practice.

The other point I am not very satisfied with is this. Of course the minister assumes that the customs department, once they know a magistrate has ruled on a book, would not allow it into the country. If that is the way it is going to be, we could get all kinds of silly situations. I know the minister will remember the Senate committee that looked into the question of salacious and indecent literature in 1952 and 1953. I can well remember one of the most vicious blasts that were made in that committee was against a play by a British Columbia writer by the name of Ethel Wilson. Certainly a number of people in one of the provinces of Canada thought it was a most indecent and obscene thing and that the C.B.C. should never have been allowed to produce it; it was a foul and filthy thing. Well, by this sort of procedure, if Ethel Wilson had this book published in the United States we could wind up having some magistrate in one province decide that the book was obscene and the rest of Canada, where it might be found quite acceptable, would be barred from reading it.

In the light of the fact that the Minister of National Revenue was very strong in his statement last year about wanting to get this question of making decisions on obscenity out of his department, I wonder whether the minister thinks this is a really satisfactory solution.

Mr. Fulton: I think the answer to the last question should be given at once and that is, yes; we do think it is a satisfactory solution because we are leaving the decision to the courts. The decision as to whether or not a publication is obscene is now to be made by the courts under this clause.

In answer to the other part of the hon. gentleman's remarks, I can only refer him again to the fact that the proposed subsections 1 and 4 should be read together. I emphasize that since subsection 4 says that if the court is satisfied that the publication is obscene it shall make an order declaring the matter forfeited to Her Majesty, this makes it clear that the crown has to satisfy the court.

Consider the situation that would exist if, for instance, neither side gave any evidence at all. Then the court would not be satisfied that the publication was obscene and the accused would be, I expect, acquitted. Let us put the other case—I am trying to illustrate the point to assure my hon. friend that there is no shifting of the onus—where the crown simply gave no evidence; then of course there would be nothing before the court upon which it could be satisfied. I think, therefore, we have clearly preserved the ordinary principle of law that it is the onus of the crown to prove its case. The case the crown is seeking to make clear, and which it has to prove, is that the publication complained of is obscene.

In so far as the "show cause" summons is concerned, I am quite frank to admit that it is a new procedure under circumstances of this kind. I could give one or two other examples, although I do not say they are parallel. I think particularly of a judgment summons which in effect calls upon the judgment debtor to show cause why he does not pay the judgment. If he fails to show cause he is liable to be put in prison, not for debt but for refusing to comply with a judgment of the court. The judgment debtor is therefore called into court to show cause why, in effect, he should not be committed for contempt of court by refusing to pay the judgment. There are other cases, but I cannot think of them at the moment, and I do not want to be inaccurate. The show cause summons is not a new thing. It is a new procedure with respect to obscenity, but it has been in force in the United Kingdom for over 100 years.

I should like also to deal with one other point made by my hon. friend, and that is the possibility of somebody in one province of Canada making a finding which my hon. friend alleges would be binding in all other parts of Canada, where perhaps the feeling was not the same. I can only emphasize again that there is, first of all, the right of appeal available to a person who feels himself aggrieved or who feels that somebody has not arrived at a proper decision. Second, not only the owner of the article seized but, under our proposal, the author is given the right to appear and make his representations refuting the crown's claim that the publication complained of is obscene.

Mr. Fisher: Is it not true that in so far as the censorship of films is concerned, that is done directly within provincial compartments?

Mr. Fulton: Yes, but there is no censorship here. This is one of the things I should perhaps emphasize at this point. We have set our faces against censorship so far as publications are concerned in the dominion parliament and we are seeking, under the ordinary legal principles applicable in Canada, to provide a method of dealing with publications which are offensive. I personally, as Minister of Justice have said—perhaps not as minister but certainly when I was a member of the opposition—that I could visualize no circumstances under which I would countenance the establishment of a bureau of censorship, certainly not in peacetime. It is because I recognize that there is a problem here, and it is because I am not prepared

to recommend censorship, which I doubt would be acceptable to parliament, that we have sought this way of meeting the problem and still keeping within the confines of long accepted, well understood and sound principles of the Criminal Code, namely that a man is innocent until he is proven guilty. Here the publication is not obscene until it is proven to be obscene. What we are trying to do is define what we mean by obscene.

Mr. Crestohl: Speaking to the amendment I say, with all respect, that I do not share the view of the minister when he prefers the use of the term "a dominant feature", instead of "the dominant feature". My understanding is that there can be only one dominant feature, but I understand what the minister is trying to do. He is trying to bring under the section a case in which a feature may be an undue exploitation of sex but which does not necessarily constitute the dominant feature of that work. Perhaps the minister would consider eliminating the word "dominant" and using this language: "For the purpose of this act any publication, a feature of which is the undue exploitation of sex—". There you do not have to show that it is the dominant feature. So long as that work has in it a characteristic or a feature which is the undue exploitation of sex, then this wording might cover the situation, without making it necessarily the dominant feature.

I am just addressing myself to this one point. I should like to say something with regard to subsection 3 when we get to that.

Mr. Eudes: The amendment moved by the hon. member for Port Arthur, Mr. Chairman, contains two points. First to substitute the word "the" for the word "a" after the words "any publication". As the Leader of the Opposition said this morning, the French translation of this section reads as follows:

(Translation):

—any publication a dominant characteristic of which is—

(Text):

Notwithstanding the arguments brought before the committee by the Minister of Justice I still believe that in this case, the French version should be adopted, substituting in the English text the word "the" for the word "a". There cannot be, in my opinion, more than one dominant characteristic. If the word "a" remains in this proposed new section it will then mean that a publication could have more than one dominant characteristic, which is difficult to conceive. I admit that a publication can be marked by many characteristics, but if one of those is the dominant one it should be termed "the" dominant and not "a" dominant characteristic, otherwise the word "dominant" would lose its meaning.

As to the second part of the amendment, that is the insertion following the word "violence" of the words, "and which is without literary or artistic merit", I simply say that part of the amendment adds nothing to the clarification of the definition of obscenity suggested by the Minister of Justice. The words in the new definition contained in this bill, "dominant characteristic", would in my opinion take care of a production which is a literary or scientific work. Even if isolated passages of such a publication would exploit sex and other immoral subjects, if the dominant characteristic of that publication is of real value in literature or science this new suggested definition of obscenity would not apply.

The proposed amendment to the section under study—I refer to the amendment moved by the hon. member for Port Arthur —would perhaps complicate the task of the judge who would then have to decide on the literary or scientific merit of the publication suspected of obscenity. More evidence would then be needed to enlighten the judge and to help him to decide upon the literary or scientific merit of the production under examination.

Evidence of fact has always been admitted before our courts, and exceptionally evidence of opinion is generally admissible whenever an issue comprises a subject in which knowledge can only be secured from experts or scientists. This amendment, I believe, in order to meet the requirements of all our acts, should also contain something along this line; that the opinion of experts as to the literary and scientific merit of an article may be admitted in any proceedings under this act. The amendment, if accepted, should also be moved under section 12 of this bill adding paragraph 150A to the Criminal Code; and to be complete it should also include the words "art or learning or of other objects of general concern".

Mr. Baldwin: Mr. Chairman, there is no perfect system of law, but I think we can take it that we have achieved the least imperfect jurisprudence because we have been wise enough to realize that it is difficult if not impossible to chart in advance in its entirety or to define with accuracy and precision all the countless relationships between individuals or between individuals and the state. We have been content, and I think properly so, to leave to our courts and to men who are learned in the law, dedicated to their calling and very knowledgeable in the facts of human nature, sufficient room in which to manoeuvre to draw the distinctions and make the refinements necessary to arrive at the greatest measure of justice.

Show me any system or any code of conduct of human beings where an attempt is made to cover every contingency, to cabin, crib and confine within narrow limits behind high walls all the various matters which may be considered by a court, and there you will see a greater volume of litigation and a greater amount of jurisprudence than in any other system of law of which I know. I think, for example, of the revenue laws and the liquor laws of the respective provinces.

But having said that, I still think here is a case where amendment has long been needed to bring this particular aspect of the criminal law into line with the present-day situation. As the minister said, one of the leading cases on this particular branch of the criminal law is one which was decided in the United Kingdom shortly after the middle of the last century. I have before me the latest annotated Criminal Code and the cases referred to under section 150. The latest criminal case in Canada was Rex *v.* Ballantyne, decided in 1916. Both these cases were obviously decided at a time when there was not considered nor was there even contemplated all the volume of filthy and salacious literature which has descended upon us in recent years. For that reason it is quite obvious that we have needed for some time an amendment which will act as a beacon and a guide to courts in dealing with this particularly knotty problem.

Dealing very briefly with the amendment moved by the hon. member for Port Arthur, may I say this. I am quite satisfied that if this amendment which he seeks was in fact enacted it would greatly increase the amount of litigation and the number of contested cases. Counsel for the defence would have a field day with an opportunity to make use of an amendment of that kind. As I think the hon. member who just took his seat said, what is of literary or scientific merit? As the minister himself said, any small portion of a publication could be directed to a high level of literary or scientific merit, and there would be a perfect defence. I suggest that the adoption of this amendment would certainly not achieve the results which the hon. member may be trying to seek.

Before I take my seat there is one matter which I should like to bring to the attention of the minister pertaining to section 12 of the bill or section 150 of the Code. It seems to me to give a simple and expeditious method by which the crown could inquire whether or not a publication is obscene having in mind the fact that the definition in section 150 lists the variety of people who may be the subject of a criminal charge:

Criminal Code

(1) Everyone commits an offence who
(a) makes, prints, publishes, distributes, circulates, or has in his possession—

I am wondering whether it would not be possible for any one of the people falling within those categories to be able himself to come before a court and say, "I have in my possession certain publications and I am doubtful whether or not they are obscene within the definition which has been enacted" and thereby simply and cheaply ask the court for a declaration as to that particular matter.

Mr. Fulton: I think that could be very simply accomplished, in the proposal before us, in that all that person would have to do would be to get somebody else, his lawyer or someone, to lay an information with respect to the particular matter about which he was concerned. In that way he could very quickly get before the courts.

Mr. Bell (Carleton): Earlier in the session I had prepared notes for a speech I had intended to make on this subject. However, at this stage of the session such a speech, as detailed and exhaustive as I intended it to be, would be quite inappropriate. Consequently I should like to confine my comments to half a dozen sentences.

First I wish to state that I believe the present proposal constitutes a constructive and forward-looking attempt to deal with a problem which is as difficult as it has become alarming. The steep increase in the sale of salacious and depraved periodicals, of corrupt and rotten publications is a threat to our established national standards of conduct and decency.

In large measure this increase is the result of the illicit, clandestine activities of certain distributors to compel retailers to handle these offensive magazines as a condition precedent to receiving for sale other periodicals. Especially, Mr. Chairman, do I hope that section 150B will be rigidly enforced in order to eliminate these purveyors of putridity, these profiteers in pornography.

In my view the amendment that has been presented to the committee by the hon. member for Port Arthur would render that section totally unworkable and would pull any teeth which it has. For that reason I intend to vote against it.

Mr. Godin: Mr. Chairman, I rise to add a few comments which I feel may assist the Minister of Justice in bringing before this committee the amendment he has in mind, because I find this is possibly one of the most important pieces of legislation which we have faced for some weeks. I realize that in these troubled times if the moral standards of our community are to be upheld,

this may be the means of achieving a victory which could not be achieved in other ways.

Comments were made to the effect that this is a matter into which politics could not enter. I regret very much the remarks of the Minister of Justice last Wednesday when this matter first came up and when he indicated his opinion as to the remarks made by hon. members of the opposition. I was further surprised this morning when the hon. member for Joliette-L'Assomption-Montcalm stated that this amendment presented to the house was a total remedy for the evil presently existing. I am speaking on this matter because I feel it is most important.

In our area a short time ago it was alleged that two children of 10 or 11 years of age burned a $1 million school, their own school, after having inscribed on some of the blackboards a remark indicating their intentions. When such things occur there is no doubt that these young people, knowing the act they were about to commit, were prompted by their imaginations, which possibly had been led astray by crime comics or other literature which unfortunately had been furnished to them.

I must state at this stage that I feel the Minister of Justice has failed to include in this amendment a higher penalty if the sale is made to a minor instead of to an adult. I am sure that if we are to protect the Canadian people under the new law of this country, we must certainly protect the minors. We have provisions in many statutes in our country, both provincial and federal, whereby a crime, especially a crime against morals, carries a greater penalty when it is committed against an infant. I am sure it will be a surprise to the Canadian people when they see that an amendment such as this does not include that provision in what has been stated by some hon. members to be a total remedy to the evil.

We are trying to bring about in our Criminal Code of Canada a definition of what we consider a crime so that the judges of this country, in each of the provinces, will decide what is the evil we are trying to prevent. We cannot assume in this regard that we are both the legislative and administrative body in this country. It is very wrong for this parliament to bring in a piece of legislation feeling that judges will necessarily take the opinions or interpretations which we have today placed upon them; therefore it is our duty to be accurate when we define this crime which we are trying to prevent. I would like to quote on that score a paragraph from a very fine article which appeared in August, 1958 in the periodical or review *Relations*. There is an editorial on page 197 to this effect:

(Translation):

In order to be effective, the law must conform to the exacting standards of natural ethics, and define them so clearly that no amount of pettifoggery can distort their meaning or impair their scope.

(Text):

Mr. Chairman, this definition which is now being placed in our Code fails in many aspects in trying properly to define the crime for which our judges will punish the guilty ones. It will open doors which will necessarily permit the defence lawyers to discuss at greater length the merits of the offence. Therefore I would like, in assisting this committee, to make some comments of my own concerning the possible interpretations which could come about.

The first is one which the Minister of Justice just a moment ago pretended to solve in replying to the Leader of the Opposition, when he used the word "publication" in the clause relating to obscenity. Many things are defined by the Code as obscene; and, of course, a person found having such a publication or other matter in his possession for the purpose of sale, and so on, is guilty of an offence. Now, however, the definition simply says a "publication". I think when the Minister of Justice starts to think how you can define a dominant characteristic, or an undue exploitation of sex, in anything but a publication, I am sure the judges would also want to consider, for example, a photograph or a phonograph record.

The Minister of Justice says he is bringing forward this amendment for the purpose of clarifying the position, but he is not clarifying the position as far as, for example, models or pictures, or articles such as a deck of cards are concerned. I feel that a judge, when adjudicating upon this matter and having the word "publication" before him in the statute, will be unable to find that such an article as a deck of cards can be described as a publication. Therefore I think the words should be repeated as we find them in the old section so that all these matters are covered. This will have some relevancy to these other matters considered under clause 12, such as a tied sale. For example, you could have a tied sale of an article, or a tied sale of a film, as well as a publication. And such is in no way covered by this statute.

We have also heard some discussion about the word "dominant" and the words "the" and "a". I feel that the trouble has occurred because of the use of the word "dominant". I think the intention of the Minister of Justice is to define it as meaning a great part or an important part; but the word "dominant" means a majority. To most of the people in

this house it means over 50 per cent. What will it mean to the courts? Possibly the same thing.

I can also see certain publications, especially in the domain of magazines, where you may have ten articles, no two of which the subject matter are connected. I realize that the hon. member for Port Arthur, who is a librarian, is thinking of books of say 600 pages, containing a few pages which may be found objectionable; therefore the book should not be condemned because of that. But when you are dealing with magazines and publications you may find 15 articles in the magazine, two of which are most objectionable, the other 13 not being objectionable. In that case you might have two very bad pieces of obscene literature; how can you fit in the word "dominant" if the word "dominant" means the majority, over 50 per cent, and so on? I think the intention is to condemn books or magazines wherein you find an important, undue exploitation of sex.

In trying to find the meaning behind the use of the word "a" or "the", as I stated, you can have a magazine containing eight articles all unrelated, six of which pertain to sports and the remaining two to something absolutely immoral. Now, by the meaning of the word "dominant" could you find a magazine obscene for six articles out of eight, the six sports and two only concerning obscene literature?

I would like to say something about section 150A. The minister has a new procedure, and intended well, but what exactly does it do? You have subsection 4 whereby you cannot seize an article or a model or a photographic record and find it obscene. I think that the same words should be used to start the clause as in the original section 150 to ascertain that you could have these articles found obscene and forfeited to the crown in the right of the province in the same way, but I fail to see that a publication would mean an article or an instrument as subsection 4 states.

There is something that can be said about the assignment of the onus—why it says in subclause 2 that the person against whom the complaint is made may appear before a court and show cause why the matter seized should not be forfeited. Other words could be used. He could appear on his own defence, but if he does not appear to show cause why it should not be forfeited many magistrates may take it for granted that if someone does not show cause, automatically, without reading the book or getting the required evidence, it is obscene. I realize what is said in clause 4, but magistrates may consider themselves satisfied because they did not find someone to show cause and they would have the accused admitting the crime in a sense and therefore I feel that it is not the intention of parliament to shift the onus, and the words "show cause" could be replaced by "defence".

Then we have the fact which I think most important that if a motion is made for an order under this amendment no other proceedings in the province can be had under section 150 without the consent of the attorney general. This is giving the administration of our criminal law to elected representatives. There could be a situation in which there were only five books out of a publication of 10,000 in a province and people might make it a point to appear before the magistrate and lay a charge against their own people so that they might pay a fine on five books and the whole matter is stopped and cases which have begun under section 150 must be discontinued, cases, say, where 500 or 1,000 books have been seized or where a charge has been laid under section 150. These charges will be discontinued unless an elected representative, the attorney general of the province, will grant permission, and I fail to realize why the criminal law should be placed in this manner in the hands of an elected person. That is certainly a fault which can be found readily.

Further, why could it not be if five books are found obscene within a province that all the copies of that obscene literature would thereby be condemned and could be forfeited to the crown? It seems to me that that would be a very small step and that would take off our shelves in each of the provinces those books which are thought obscene by a judge of the province, because the way this clause is made even on an order made when the judge is not satisfied that the material is obscene, that can occur, and if an order is made by a magistrate in one part of a province that that literature is not obscene, it will thereby bar all other cases in the province unless the attorney general can review the matter and say possibly that this first magistrate was wrong and permit a trial under section 150.

I feel that possibly the amendment suggested may not be the most correct one, but I am fully aware that the amendment does not satisfy the need of this country to condemn false scientific works. A lot of books on the shelves today are being sold for no other reason than to arouse interest in obscene literature and so on and there is absolutely nothing brought forward to take care of that difficulty where people will hide behind the fact that it is an effort to put out a scientific book. I fully realize that to bring about a proper solution of this evil in this

country no doubt the co-operation of the people is required and I apprehend that many Canadian organizations realize that; but notwithstanding the fact that if an amendment of this kind is to be brought in it should do away with all these possibilities that laymen like ourselves could not take on ourselves. There is always the possibility that the judges will interpret these terms in a way different from the way in which we interpret them today; they will go to technical terminology and to the dictionary and I doubt that they will as above stated condemn an article or a film under the word "publication". Undoubtedly the minister is trying to do a good thing, but I feel that though he has had objectives which were stated to be political, he is being in this instance absolutely conservative. We have heard that a conservative is sometimes a person who acts hastily after thinking over a thing too long. The minister has thought about this a lot and in the dying days of this session he brings in an amendment which many institutions in this country had no time to study and report to their representative.

Mr. Pearson: I do not think the committee need apologize for having spent a certain amount of time on this clause, since it is as complicated as it is important; important not only in relation to social health and public morality but also in its implications concerning at least one of our traditional freedoms. The minister has emphasized both in this house and outside that he has no desire to introduce anything in the nature of censorship. I am sure he is quite sincere in that, and I am not suggesting that this particular clause does that, but it is something about which we want to be as certain in our own minds as we can be. The hon. member for Peace River when he intervened a few moments ago expressed some anxiety about the amendment to the amendment which is before us in that it might encourage litigation and makes things more complicated. When things are complicated lawyers usually have a better opportunity of intervening. I can say that, not being a lawyer. The difficulty and perhaps, in a sense, even the danger of this kind of legislation in general dealing with this subject is that in the words of, perhaps it was Dicey, though I admit it was in a different context, it tends to substitute litigation for legislation. That is one of the things which has worried a number of members about this kind of amendment.

In so far as the amendment of the hon. member for Port Arthur is concerned I felt that the original French text was more logical than the present English text, but which, as the minister pointed out, is the official text.

[Mr. Godin.]

When you talk about something being dominant you think of something being almost exclusive; a characteristic which is dominant does surely, at least in my understanding of it, exclude other and secondary characteristics in respect of any particular matter. Perhaps the minister will be able to explain to our satisfaction how in a publication there could be four, five or six characteristics each of which is dominant. The very concept of dominancy means it is superior to other concepts. That is why it seems to me that the amendment of the hon. member for Port Arthur is a logical and reasonable one. The other part of the amendment seems to me to be a little more difficult to support.

I would ask the minister this question. If a particular publication does have literary or scientific merit, can its dominant characteristic then be the undue exploitation of sex? If the answer to that is no, then perhaps the amendment is redundant. I noticed that the British parliament—and no doubt the minister has also noticed it—in discussing this subject last February did include a clause in the bill they were considering to deal with the particular problem which was raised in this committee by the hon. member for Port Arthur. The clause introduced in England reads:

> A person shall not be convicted of an offence against this section if he proves that his publication of the matter in question is justified as being for the public good on the ground that it furthers the interest of science, literature, art or learning, or of other objects of general concern.

I think I am right in saying that this particular clause was included in the British bill and passed after a great deal of discussion and some amendment. If I am wrong, the minister will correct me on that.

Mr. Fulton: May I ask the Leader of the Opposition if the bill to which he is referring is the obscene publications bill of this year?

Mr. Pearson: I am referring to the one introduced last February, or at any rate last spring. I am reading from a passage in an article published in the London *Times* of February 27, 1959, referring to that bill. The British parliament after a long discussion, much longer than we are having, which included committee discussion, felt it was desirable and indeed necessary to include that paragraph. Does the minister think that point is sufficiently met in the amendment he has himself introduced at this time? I again ask him the question which it seems to me has a bearing on this. If any publication is of literary or scientific merit, can its dominant characteristic be the undue exploitation of sex?

Mr. Fulton: Mr. Chairman, I appreciate that it is difficult to be dogmatic and completely certain about the word "dominant" and whether it should be "a" dominant characteristic or "the" dominant characteristic. Perhaps I can try to illustrate the point of view which I believe the courts will take and which my officials after long and careful consideration have felt argues in favour of the use of the word "a" instead of "the". There are those hon. gentlemen opposite who ask, "How can a book have more than one dominant characteristic," and who say if their argument is correct the word should be "the" and not "a".

Let us say that you have a valley adjacent to which are three mountain peaks of equal height. Which of those peaks is the dominant peak? Or let us take another illustration. Let us assume you have a book—and it is dangerous to attempt to be too particular in these matters—which purports to be a study of sociological problems and in that book the author has gone about treating the subject in a manner which involves the use of illustrations of sexual relations arising in the course of the thing, as a secondary characteristic, which leads the law officers and, let us say, which we think would lead a court to assume that it is an obscene publication. It might be argued that there are two dominant characteristics of this book. In the first place it is a book dealing with sociological problems and consequently an undue exploitation of sex, and containing illustrations or scenes of sex or illicit relations. In this sense I think it is possible for there to be so many characteristics of a book or publication—let us not confine it to books—which are not necessarily of a related nature that it would be impossible, and thus defeat the purpose of the clause, if you required the court in each case to say that the only dominant characteristic of the book—in the sense of there being only one dominant characteristic—is that it unduly exploits sex or sex and one or more of the other subjects named.

I believe there are cases in which it is a profitless task to seek to isolate a thing as being the only dominant characteristic and it is for that reason we have purposely used the words "a dominant characteristic". I ask hon. members to consider the over-all effect of the question which the court is going to be called upon to decide before there is a conviction. That is to say, the court will have to decide that this is a publication a dominant characteristic of which is the undue exploitation of sex or of sex and any one or more of the subjects named. I do not think the use of the words "a dominant characteristic" in that over-all context poses the court with any obstacle which it cannot answer for itself or which makes it necessary for the court to be asked to answer the question as to whether or not this is the only dominant characteristic of the publication.

Mr. Carter: Would the minister permit a question, Mr. Chairman. Would it not be better to use the word "prominent"? The reference would then be to a prominent characteristic rather than a dominant characteristic.

Mr. Fulton: There are two reasons why we rejected words of that type. In the first place we did not want to spread the net so wide that we caught books, as it were, without any real possibility of successful defence and about which there is room for genuine controversy. There are so many books I can think of of which the prominent characteristic in certain passages is the exploitation of sex. We wanted to go no farther than that. The other reason is this. The main concern we have in mind and which we are framing this amendment in an attempt to meet is the pulp trash type of stuff that is appearing in such vast quantities on our newsstands. While I do not for a moment pretend to be unconcerned about the major book type of publication, I must say I am far less concerned about that type and less concerned if one or two such books escape, than I would be in allowing this other stuff, about which there is really no genuine controversy to escape because we over-refined the amendment we are trying to introduce.

The Leader of the Opposition raised a very good question about this matter of whether it should be a defence to show that the work contributed to the public good. I would refer him to section 150, subsection 3, of our present Criminal Code which contains a provision very similar to that contained in the British obscene publications bill to which he referred. The subsection reads:

(3) No person shall be convicted of an offence under this section—

Section 150, which creates the offence of obscenity. I continue:

—if he establishes that the public good was served by the acts that are alleged to constitute the offence and that the acts alleged did not extend beyond what served the public good.

Mr. Caron: Mr. Chairman, if the minister attaches so much importance to retaining the word "a" instead of the word "the" in the English version, why does he leave the word "la" instead of "une" in the French version?

Mr. Fulton: Mr. Chairman, I have already explained that if the committee agrees with me in rejecting the amendment now before

us, I will then move that the word "la" be changed to "une", in the French version.

Mr. Crestohl: Will the minister please explain how the clause would be affected if he left out the word "dominant" altogether and simply said "a characteristic of which is the undue exploitation of", or a feature of it "is the undue exploitation of"; leave the word "dominant" out.

Mr. Fulton: Again I say, Mr. Chairman, if we did that then we would cast a net to catch a number of things that we really do not want to catch under this definition at all. We designed this definition having in mind the type of pulp trash that appears on the newsstands. I said I am not unconcerned about the others but I am mostly concerned about dealing with that.

Mr. Pearson: The minister has, I think, made a pretty reasonable explanation of the wording which he has put before the committee. May I ask him one further question? This is a matter, as I recall it, which received a good deal of consideration also at Westminster. I ask this question as a layman. Perhaps if I were a lawyer I would know more. Would there be any difficulty in the way of expert evidence being acceptable before a court which would have a bearing on the literary, scientific and other qualities of a particular publication?

Mr. Fulton: Mr. Chairman, I explained earlier that our attempt here is to produce an objective definition, or as objective as we can make it, to introduce a number of pretty factual tests by which the court is asked to measure this question of obscenity. It is my view that this type of definition does not lend itself to the giving of opinion evidence by experts. If, as was the case when the only definition we had was the Hicklin definition, your definition is almost entirely subjective, if it has to be interpreted in the light of what are its effects on certain individuals, then, I think, there is much more room for opinion evidence. But I point out to my friend that actually, even when we had only the Hicklin definition, the Ontario court of appeal in the American News case, in the judgment of Mr. Justice Laidlaw expressly ruled that opinion evidence was not admissible, on the grounds, in his opinion, that it was irrelevant.

I go back, having made these explanations as to our present thinking, to repeat what I said earlier, that we feel we are moving in this field. This approach is, I believe, objective but if you like I am prepared to regard it only as a preliminary move. I recognize that in the United Kingdom, they have given a great deal of consideration to it and they put a provision in their bill allowing for expert evidence. We will watch the experience there and we will also carefully watch the experience here and we will be prepared to reconsider the matter in the light of the experience.

Mr. Pearson: As far as I am concerned I merely wish to add that, with the minister's explanation, I am prepared to support the clause as it stands and I hope it will have the effect that we all desire.

(Translation):

Mr. Fortin: Mr. Chairman, as was indicated by the hon. Leader of the Opposition (Mr. Pearson), a member should not be reproached with slowing down the proceedings if he chooses to make a few remarks.

Upon receiving both versions, the French and the English, I looked through them carefully, and found that the English version said this:

(Text):

Any publication a dominant characteristic—

(Translation):

Whereas in French, I found this:

—publication dont la caractéristique dominante—

I must say I found the English version much more air-tight, because, contrary to my belief, the hon. member for Hochelaga (Mr. Eudes) has indicated that there is not merely one dominant characteristic. A moment ago the Minister of Justice (Mr. Fulton) gave an illustration that might perhaps be carried a bit further. Take a painting representing the sea and the sky. You might ask a man to stand before that painting and tell you what, in his estimation, is the dominant characteristic of the picture. Now for that particular individual it might perhaps be the blue of the sky, or the green of the sea, or again the green of the mountains; it would all depend on the individual concerned, on his frame of mind, his tastes, etc. He would say what, in his view, is the dominant characteristic. However, on the basis of the French version, the crown attorney might feel that the dominant characteristic is one thing, while the attorney for the defence, if he is a better attorney, could prove that the dominant characteristic is this or that other thing whereas, in fact, neither characteristic might have occurred to the person having the publications in his possession, because the dominant characteristic is appreciated on the basis of an individual's education, culture and outlook.

That is why I am of the opinion that the present English version, as well as the French version—which will probably be corrected—do more justice than the previous ones.

One might then conclude that in the text or picture there may be more than one char-

acteristic which are precisely of the nature referred to in section 11.

Now, in the second place, I believe that amendment proposed by the hon. member for Port Arthur (Mr. Fisher) is unwarranted, first because of the reasons outlined by the Minister of Justice, and then, one must not forget that we are dealing with a matter covered by the Criminal Code and that the *mens rea,* criminal intent, must be established. If a scientist should be brought to court for utilizing or having in his possession one of those publications, we still have to prove that, having those publications in hand, he had some criminal intent; unless that is proven there can be no proof of the offence with which he is charged.

Furthermore, as the Minister of Justice said a moment ago, if the matter involves no danger for the public welfare, the common weal, the accused cannot be found guilty.

Now, in closing, I suggest it is extremely difficult to find a definition of obscenity. I listened to the article read into the record by the hon. member for Nickel-Belt (Mr. Godin) and I must say that even the authors of that article, the editors of that magazine, who tried to devise a definition, failed in the attempt.

In my opinion, the definition which is being proposed today will adequately serve the needs of the population, and the Minister of Justice—

Mr. Godin: You obviously have not read the definition.

Mr. Fortin: I shall go on with my remarks, and I would ask the hon. member for Nickel-Belt to ask his question after, if he sees fit.

I say that, with experience, a way will be found to correct this definition. I think the main result of introducing this definition into the Criminal Code will be to make people who are in the habit of keeping such publications on their shelves more careful about checking to see whether the publications are obscene or not, and to make sure, before buying such publications or books, that they are not such as to sully the mind.

And if I may be allowed to express a wish, I hope that, when the definition is adopted, the C.B.C. will have proper regard for it in the production of their TV programs.

(Text):

Mr. Godin: Mr. Chairman, I would like to remind the hon. member who has just spoken that he brought in the matter of mens rea. If he reads section 150 of the code as it now stands he will see that mens rea is not a matter for consideration in this crime. Subsection 6 of section 150 of the code reads:

> Where an accused is charged with an offence under subsection (1) the fact that the accused was ignorant of the nature or presence of the matter, picture, model, phonograph record, crime comic or other thing by means of or in relation to which the offence was committed is not a defence to the charge.

Amendment (Mr. Fisher) negatived: Yeas, 4; Nays, 76.

Mr. Fulton: Then, Mr. Chairman, in pursuance of the explanation I made earlier I shall ask one of my colleagues to move that clause 11 of the French version of Bill C-58, be amended by deleting the word "la" where it appears at line 13 on page 4 of the said version and substituting therefor the word "une". I shall ask my colleague the Minister of Veterans Affairs to move that.

Mr. Brooks: I so move.

Mr. Pickersgill: Would the minister explain what the significance of the amendment is?

Mr. Fulton: The significance of the amendment is to bring the French version into line with the English version, in accordance with the vote of the committee which has just been taken.

Amendment agreed to.

Mr. Godin: I should like the minister to explain how the courts are going to use the definition on matters other than publications?

Mr. Fulton: I am sorry, but I did not catch the question.

Mr. Godin: The amendment by subsection 8 of section 150 seems to apply to publications only and I fail to see, in the absence of any explanation by the minister, how other matters which may be obscene, such as articles, could be covered by this definition.

Mr. Fulton: I think that will be done because section 150, subsection 1, of the Criminal Code reads as follows:

> Everyone commits an offence who
> (a) makes, prints, publishes, distributes, circulates, or has in his possession for the purpose of publication, distribution or circulation any obscene written matter, picture, model, phonograph record or other thing whatsoever,

Just by reference to the word "publication" in subsection 1 of section 150, I believe the use of the word "publication" in the new subsection 8 to be added to section 150, will extend the coverage of the section to include pictures or phonograph records, because it is obvious that what is contemplated now by section 150 is the publication of phonograph records. In the new subsection 8 we refer to publication, the dominant characteristic of which is. I think, therefore, it is most likely that the courts would

understand this use of the word "publication" in connection with articles such as phonograph records.

I want to make it clear when I say that, that that is my opinion and the opinion of my legal advisers. Our primary intention, as I have made clear before, was to catch this type of trash that was appearing on the newsstands. This was our main intention and is the reason we did not add words to make it doubly certain that it would cover this other type of article which my hon. friend has in mind. If it appears on the basis of experience that we should extend this to cover such things as phonograph records, and if it appears particularly it is the desire of parliament to do so, I would be glad on another occasion to consider making it quite clear, especially if the courts do not agree with my interpretation that this includes other articles.

Mr. Godin: The minister's explanation may be true, but how would the minister explain the application in section 150A? How can you address section 150A to phonograph records?

Mr. Fulton: The answer to that, I think, must be that in this section we did not have anything in mind other than written publications. I am not nearly as certain of that as I am about the earlier section, but in this section we were concerned with written publications appearing on the newsstands.

Mr. Godin: In so far as section 150A is concerned, it is not the intention of this government to make it applicable to these other obscene matters?

Mr. Fulton: It is our intention to make it expressly applicable to the written publications which are appearing on the newsstands. We did not intend to make it non-applicable to these others, but we did have written publications particularly in mind.

Mr. Godin: Will section 150B apply if the article is other than a written publication?

Mr. Fulton: I think that is clearly confined to written publications because it uses the words, "copies of any other publication". I do not see how that could be anything other than a written publication.

Mr. Fisher: Has the minister considered specifically exempting libraries from section 150A, where it says that a judge who is satisfied by information upon oath that there are reasonable grounds for believing that any publication, copies of which are kept for sale or distribution and so on; was there any consideration given to exempting libraries from this section because they are distributors? The reason I raise the matter is that it is quite conceivable you might get—I do not want to use the word a "crackpot"—somebody who had a very narrow interest in this field, and he could make it very difficult for public libraries in relation to the books they might have on their shelves. I just wondered whether the minister had given any thought to these people?

Mr. Fulton: I do not believe it would be wise to exempt libraries from this clause. After all, a complainant will have to go to a judge and satisfy the judge that the matter is obscene. I point out here, and perhaps I should have dealt with it earlier in reply to the hon. member for Nickel Belt, that the provisions of subsection 7 make it clear that there will be no prosecution in respect of a publication found to be obscene under this section without the consent of the attorney general. It was for the purpose of preventing victimizing persons who would, in a loose sense of the word, be regarded as distributors, that we provided this quick method of getting a decision on the merits of the issue and then the prosecution with respect to these items will only be launched with the consent of the attorney general.

Mr. Fisher: If someone did have their own private collection, would it be perfectly legitimate under this section, no matter what sort of publication there was in it?

Mr. Fulton: I think the answer to that question is generally yes. I give that answer because of the wording of subclause 1 of the proposed section 150A wherein it is provided that a judge has to be satisfied.

> —that there are reasonable grounds for believing that any publication, copies of which are kept for sale or distribution in premises within the jurisdiction of the court, is obscene—

Only then is an offence committed. That would not normally apply to a person who had a private collection in his house although I think one would have to read the recent case of the Queen against Berringer, a maritime case, in order to be absolutely certain of your ground there. That case is interesting when I read it—and I have just read it hurriedly—in that it discusses the case where a person with a private collection invited others in to view it, and whether than can be circulation or publication. If it is purely a private collection there would be no possibility of an adverse verdict under this section.

Mr. Fisher: I should like to ask the minister a question with respect to subsection 6 which provides:

> (6) An appeal lies from an order made under subsection (4) or (5) by any person who appeared in the proceedings—

Suppose an individual has brought this matter to the attention of the magistrate. Does

this mean that this individual and the crown attorney and the defendant, all three, would have the right of appeal or any one of the three?

Mr. Fulton: The only persons who would have the right of appeal are those who are represented in a technical sense in the proceedings. The attorney general or the crown prosecutor or the crown, shall I say, certainly if either appeared and was represented in the proceedings in defence, I think he would have the right of appeal. If the owner, that is to say the distributor or person on whose premises it was found appeared, he would have the right of appeal also.

Mr. Fisher: Suppose in a small town there was a league of decency and they went out and picked up these books and brought them to the attention of the magistrate. They would have nothing to do with this matter at all. They would have no right of appearing in an appeal on it.

Mr. Fulton: If this prosecution were initiated by such an organization or an individual as a private prosecutor to appear, then he or she would have the right of appeal. If, however, he merely laid an information and the crown carried the prosecution, the private individual would have no right of appeal.

Mr. Carter: The minister told us that this definition in this section or in these two sections are aimed practically at the pulp trash. I am sure we must agree with that objective. But the corruption comes from reading this stuff. Why do people read it? They read it because they are attracted to it on the newsstands by some lurid title or by some lurid picture on the cover. Is there anything anywhere else in the Criminal Code by which that sort of thing could be prohibited or by which we could destroy the attractiveness of this literature on the newsstands to people by way of the picture and the title.

Mr. Fulton: I hope that we will have done it by the combination of section 150 of the code as it presently stands and the new amendments that we are now introducing. If in fact these publications are obscene—and I think the ones to which my hon. friend refers are obscene—and are so found under the new definition, then they will be subject to immediate removal from the newsstands because they are forfeit to the crown. I think the effective thing to do would be to provide a means, as we have tried to do here, of getting at the publication itself; because if we do that we have also incidentally got at the devices by which they are publicized and made attractive.

Mr. Carter: What is the procedure when somebody has informed a judge or magistrate that a certain person has books on the shelf for sale as to which there are reasonable grounds for believing they are obscene and these books are confiscated and are found to be obscene by the judge and there is no appeal. What is the procedure for eliminating these books from all the other bookshelves throughout the country or in the same city.

Mr. Fulton: It would be up to the law enforcement officers of the crown. If those books were found upon any other book shelf or upon any other book store shelves for sale I would imagine that the sensible thing to do would be for the crown attorney or the police officers to inform the individuals concerned that they had better get them off their shelves, not because the police officer thinks so but because the court has found them to be obscene. If the person in question disregarded such a warning, then I imagine there would be a prosecution because then I should think that the attorney general would consent to a prosecution under clause 7 of the amendment we are now introducing. But while it is true that ignorance of the law is no excuse, we put that in on purpose so that there would be an opportunity of warning a person and if he voluntarily withdrew the books from circulation, then we would hope that the attorney general would not authorize a prosecution. But if he defied a verdict of the court and continued to offer them for sale, then I should think the attorney general would order a prosecution.

Mr. Carter: How would a news vendor or a bookstore in Newfoundland know that something like this had happened in Quebec, for example.

Mr. Fulton: I have just suggested that it would be up to the crown attorney or the police officers who have knowledge of these things to warn persons who are found selling them that there has been a decision of the court that they are obscene and that they had better get them off their shelves. After all, in this matter I should also say that we rely—and I am sure that all law enforcement officers must do so—upon the assistance of well-intentioned individuals, service clubs, religious organizations and others who will be, I am quite satisfied, very watchful of developments in this sphere. They will be watching to see what are the decisions of the courts in various parts of the country or, in particular, in their own province and they will bring to the attention of the responsible officials, if the responsible officials miss it, knowledge of such verdicts. Then, as I say they

can warn the persons who may be continuing to sell these articles and give them a chance to withdraw them. The reason we put in clause 7 is, however, to permit of a warning being given and to provide that the attorney general must consent to a prosecution in the expectation that he would not consent to a prosecution unless a warning had been given but would authorize a prosecution when the warning was disregarded.

Mr. Godin: May I ask the minister whether he feels that if in one province an order has been made declaring certain literature or publication to be obscene it is required for the purpose of confiscation under clause 150A that these motions be repeated in all areas where these books are found for the purpose of confiscation?

Mr. Fulton: That is the usual situation. Each province is responsible for the enforcement of the law within its territorial areas.

Mr. Godin: The minister means that in every community concerning every store in the province a motion will have to be made?

Mr. Fulton: No, not at all. I have endeavoured to explain the situation as I would see it develop. Let us for example take my own province. Suppose in the city of Vancouver there is a proceeding under new section 150A and the publication is adjudged to be obscene. The crown prosecutor of the city of Vancouver will know about it. His policemen, I would think, would be instructed to be on the lookout for that publication in any of the stores. If they see it they will warn the proprietor, I would think, that there has been a judgment and that this book has been found to be obscene.

I should think that would produce the result that within a reasonable time all those publications would be withdrawn in that city. I would also imagine the attorney general of the province would be aware of the decisions of the courts of the province and would instruct his departmental agents throughout the province and the police, who are the agents of the attorney general in this matter, and in that way word would be disseminated throughout the province. All you would need is to issue a warning, and if there was a refusal to comply you could prosecute under the new clause 150.

Clause as amended agreed to.

On clause 12—*Warrant of seizure.*

Mr. Crestohl: We were discussing clause 12, Mr. Chairman, only in relation to clause 11. I think we might deal with clause 12 much more directly, and I would like to concern myself with the first part of the clause. This clause creates what we know in civil law as a seizure before judgment. In other words, the right is given, by information upon oath, to walk in and effect a seizure at once before guilt has been established. It is true there has been a complaint under oath, but I would compare it with a search warrant where there has been no conviction. Here we have a similar sort of right given, and it is a new concept, I think, in our criminal law; it is a form of invasion upon civil property.

Assuming then that a warrant is sworn out upon oath, seizure is effected and the judge comes to the conclusion, as the clause says further on, that it is not obscene and the merchandise should be returned, a very difficult situation would develop there. The business of this man might have been seriously affected, if not altogether ruined. It is true that the clause speaks of expeditious action to be taken within seven days. But the judge must make a decision, and assuming he comes to the decision that it is not salacious or obscene and therefore orders the merchandise to be returned, what right of action has a person whose business has been thus invaded merely because information was provided upon oath? Has he a right in damages against the person who has sworn the complaint? Will he have the right to proceed in damages against an officer of the crown who in good faith may have thought the publications were obscene and who was of the opinion that it was a fit subject to be confiscated?

Would the minister inform the committee, as I am sure he is able to do, how a victim of this treatment, for example a merchant who suffers an unjustified raid upon his store, as it subsequently, turns out to be in the opinion of the judge, has any remedy to be restored to the same position he was in before that unjustified raid was made?

Mr. Fulton: There is no remedy, Mr. Chairman. If the warrant was properly taken out, there is no remedy in damages against anybody. I would like to direct my hon. friend's attention to subclause 5, which provides that if the court is not satisfied that the publication is obscene it shall order it to be returned to the person from whom it was seized. There are also in addition a number of other cases where there is authority given in the Criminal Code for persons to enter and make seizures of articles before there has been proof of guilt. I refer my hon. friend, for example, to section 429 (1) where there is provision for authorizing the seizing of anything in a building, receptacle or place in respect of which there is reasonable ground to believe it will afford evidence with respect to the commission of an offence against the act. There are some other cases as well in which seizure

is authorized without proof of guilt and there is no right of action, to use my friend's words, given to the person from whom the property has been seized even if it should later have been proven that no offence was committed. The only thing which can be done is that the suspect copies can be seized and an example or exhibit taken to court and the issue speedily disposed of. If an offence is proved to have been committed, then the matter in question is forfeited to the crown; if there is no offence, it is ordered returned to the person from whom it was seized.

Mr. Crestohl: But heretofore the practice has been that if there is a suspicion that there is obscene material somewhere officers of the crown have purchased one or two copies which they use as exhibits which, after examining them, they come to the conclusion are obscene. Then a complaint was sworn out and an arrest made. If guilt was proven after trial was held the merchandise or obscene literature was ordered destroyed or removed from circulation; but here the destruction and the removal as well as prejudice is caused in advance—

Mr. Fulton: The destruction is certainly not caused in advance, and I suggest there is no prejudice caused in advance either because there is no charge laid. It is a proceeding *in rem* without prejudice to the individual.

Mr. Crestohl: Surely the minister realizes that once you have walked in and practised a seizure in the same way as you would practise it after guilt had been proven, you are practising seizure before guilt is proven. It is true it is provisional, I realize that. I also realize it is done for the purpose of expedition; but a great deal of injustice can result from changing the procedure from a seizure after conviction to a seizure before conviction. If guilt is not proven, even though you return the merchandise afterwards, the magazine, or whatever it is, may be out of date and the store may have suffered serious financial loss.

Mr. Fulton: Perhaps I might point out to my hon. friend that it would be perfectly open, without this clause at all, under the present law for a police officer to go into a store with a search warrant and seize, and then bring a prosecution on the basis of the article seized. We are really providing nothing different here except that it will make it possible to dispose of the issue without laying a charge against the individual.

Mr. Crestohl: The clause in the first paragraph speaks of copies which are kept for sale or distribution in premises within the jurisdiction of the court. Then the magistrate is called upon to render an opinion as to whether or not the material is obscene. It really becomes just a matter of opinion. Can the minister not realize that a judge in one province will come to one conclusion and another judge in another province having the very same material before him reach a different conclusion? I would go further than that; for example, a judge in the city of Montreal who has jurisdiction in the district of Montreal may come to a different opinion on the very same exhibit laid before him from a judge elsewhere in the province of Quebec.

Mr. Fortin: It happens every day.

Mr. Crestohl: Yes, it does happen every day, but here we are dealing with obscene literature. What does the minister suggest is the remedy to make this uniform right across the country?

Mr. Fulton: Appeal.

(Translation):

Mr. Paul: Mr. Chairman, may I address a few remarks to the hon. member for Cartier (Mr. Crestohl).

The hon. member has referred to the situation which might develop if a denunciation under oath was drawn up against an individual who might have bad literature in his possession. He also expressed amazement at finding this section, as worded, does not provide any recourse against a person who would unfairly denounce some other person or lay an unfair charge against someone. By reason of what has been his calling for many years, the hon. member for Cartier knows very well that civil law does not maintain criminal law and that, at any time, any person feeling prejudiced by a baseless accusation or charge would always have as provided by civil law the possibility of appealing to the provincial courts, whether there be a provision to this effect in the Criminal Code or not.

Mr. Denis: Mr. Chairman, I listened with great attention to the remarks of the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul) and those of the hon. member for Montmagny-L'Islet (Mr. Fortin) with regard to criminal intent.

I am convinced that with regard to obscene literature, the Minister of Justice has sought to make it harder to commit the offence. If I refer to clause 150 of the Criminal Code in its present form, I find that a distinction is made between the person who prints obscene literature and the person who sells it.

Whereas the printer cannot plead justification or ignorance, the seller can prove or invoke some excuse.

Now, Mr. Chairman, who provides the publicity and promotes the propagation of obscene literature?

I believe the main source of that publicity to be newspaper and magazine vendors.

I am sure that if those who carry on this business were a little more closely checked, they would be more careful about buying this or that publication, no matter who the publishers or distributors might be. When those people are charged, they usually say in court: "Your Honour, I did not intentionally sell obscene literature; I sell those books by the hundreds and I cannot normally read all the books I have in stock."

I believe that, if the Minister of Justice had wanted to make the act more effective, by reaching those who are responsible for the distribution among the public of obscene literature, he should have been more severe towards the vendors of such publications, because he surely knows that printers or wholesale distributors of obscene literature do not operate in the open. There are not a great many of them but, unfortunately, they operate in various ways that enable them to circumvent the law. Distributors and vendors of obscene literature are almost invariably acquitted because of the plea that they did not know what was in such a book.

Then, Mr. Chairman, if the Minister of Justice had wanted to make the act stricter and really do something to eliminate those evil publications, he could have removed, for instance, from subsection 2 of section 150, the words:

(Text):

—who knowingly, without lawful justification or excuse.

That is where the fault lies. There is the source of the faults we have on account of obscene literature, because if you are looking for the printers or publishers you will never find them, or if you find them once they will start in another part of the province or in another part of the country.

I think the minister has taken a step forward but we humbly suggest it is not the step which he promised to take publicly in the province of Quebec in the presence of thousands of people. He promised to stop this obscene literature from being distributed all over the country, and I think the Minister of Justice would have been more well received had he included in the second paragraph the words "who are knowingly, without lawful justification or excuse". I am saying that in subsection 6 of section 150 it is clearly stated:

Where an accused is charged with an offence under subsection (1) the fact that the accused was ignorant of the nature or presence of the matter, picture, model, phonograph record, crime comic or other thing by means or in relation to which the offence was committed is not a defence to the charge.

This means that an accused is denied the defence of saying: I did not know about it, or I had a lawful excuse, or I had justification.

I have brought these observations to the Minister of Justice and hope that he will really commence to have this obscene literature swept from the newsstands, from the stores and even from private persons who distribute it in backyards. I think he has to get at the real source, those who are really responsible for this obscene literature, and I do not know why the government is allowing such latitude to printers and publishers.

Mr. Fulton: I should like to, first of all, correct what was said by the hon. gentleman. He said that I promised as Minister of Justice to stop the distribution of obscene literature across this country. I made no such promise, because I knew it does not lie within my power to do so. I promised to bring in legislation which will give the law enforcement officers effective means to prevent the sale and distribution of this literature, and I believe we have done that.

Having corrected the hon. gentleman's misinterpretation of what I promised, I should like to say that I think he has a point which does deserve consideration in connection with whether or not the publisher himself must be proven to have had knowledge of the contents and the nature of the publication. We did consider whether we should make any new provisions with respect to this proof of intent or anything having to do with the nature of degree of guilt, but we felt that rather than deal with that which can only be to some extent on an empirical and hypothetical basis the best thing was to adopt the new procedure embodied in clause 12 of this bill under which this material could be seized wherever it was found, whether in the hands of the printer, the publisher, or the vendor, and then the issue of whether or not it is obscene may be tried and disposed of without any reference to knowledge on the part of the person in whose possession it was found. Having been adjudged offensive, then, of course, if it continued to be sold the person responsible would be liable to prosecution and conviction because he could not then claim he did not know it was obscene.

Mr. Crestohl: Subsection 5 of the present article 150 of the Criminal Code reads:

For the purposes of this section the motives of an accused are irrelevant.

Might that give the latitude which the hon. member for St. Denis has suggested.

Mr. Fulton: No, Mr. Chairman, I do not think so, once there had been an adjudication under the proposed new procedure that the publication in question was obscene.

Mr. Fortin: Mr. Chairman, with reference to subclause 2 I should like to ask the minister what would happen if the judge neglected to issue the summons? In the event of a seven-day delay, would the merchandise be restored to the person? It sometimes happens.

Mr. Fulton: I would think they would have to start the proceedings over again, issue a new warrant and make sure the judge did issue the summons in time.

Mr. Carter: Mr. Chairman, I feel we should do something more than we are doing to avoid discrimination against people who might be subject to unlawful seizures. The emphasis is on speed and under this clause action has to be taken within seven days. That is not too bad, I suppose, because the period is not longer than a week in which these books would be either restored or destroyed. In the case of an appeal, however, that would be a much longer and more costly procedure which could have extremely serious consequences for the person concerned.

It is quite conceivable, as my friend the hon. member for Cartier pointed out, that within the seven-day period two separate seizures may be made in two separate provinces. In one province the magistrate may decide that it is not obscene and it may be restored. In the other province the magistrate may make the opposite decision and have the goods destroyed. The burden is then imposed on the person who has been charged to appeal his case.

Mr. Fulton: But it might work the other way. The attorney general in the province where the verdict went against him may decide to appeal. This, however, is something that happens all the time under the Criminal Code under the system of law we have in Canada. There is nothing that I can see we can do about it here unless parliament and the provinces should decide to amend the constitution with regard to that question of the administration of the criminal law. Until that happens, the provinces are responsible for the administration of the law and different courts in different provinces may continue to give different verdicts under much the same set of facts and circumstances. That is why we have the Supreme Court of Canada, so that in important cases we can get one final definitive decision laying down what is the law of Canada.

Mr. Carter: But the trouble with appeals is that they cost money. Justice then depends on a person having a big pocketbook. That is something we should try to avoid.

Mr. Godin: After listening to some of the comments made this afternoon I should like to indicate to the committee that the amendment before us does not make it obligatory that the forfeited matter be adjudicated as obscene within seven days. A judge may find himself extremely busy for three months and the matter would be under consideration for that period. I have heard many comments to the effect that this is expeditious and that in seven days the matter would be heard but it is not so provided in this amendment.

I should like from the minister a clear answer as to the meaning of subclause 4 under which an order is made declaring the matter forfeited to Her Majesty in right of the province in which the proceedings take place for disposal as the attorney general may elect. I notice that different words are used. Subclause 4 refers to "matter", but subclause 7 makes reference to "copies of a publication". The same words are not used. If five copies of a publication on a newsstand are found to be obscene by a magistrate I fail to see that this involves forfeiture of all the copies of that publication throughout the entire province.

Mr. Fulton: I am sorry if my hon. friend misunderstood me. I never said that an order made in that case would automatically result in the forfeiting of all copies of that publication throughout the province. What I said was that it would provide an immediate and ready method whereby the law enforcement officers could bring to the attention of all vendors the fact that there had been an adjudication with respect to a publication and that they had better withdraw if from publication, and that if this warning were disregarded further prosecutions in individual cases would be permitted without the necessity of going through the proceedings *in rem* as contemplated under clause 12 of the bill.

Mr. Crestohl: Mr. Chairman, I think we should give further consideration to what I should like to call this innovation of showing cause. This is something that is really foreign to our criminal law.

Mr. Fulton: It is not at all foreign, Mr. Chairman. There are several examples of it in the Criminal Code at the present time, to which I have already referred.

Mr. Crestohl: That the burden is shifted to the accused?

Mr. Fulton: No, there is no shifting of the burden. I thought that my hon. friend was referring to the seizure in advance of adjudication. I apologize for having interrupted.

Mr. Crestohl: I am speaking of the accused being summoned into court to show cause that what he did was not an offence. Basically that is something new in our criminal law. The United States system of law depends to a large extent on the show cause principle. Perhaps it is effective and desirable but because it is something new to us I think we should devote more time to it.

Under the English system of law on which our own is based the accused is not deemed guilty until he is proven guilty. I should like to hear further comments from the minister concerning reasons which justify the introduction of a new concept into our Criminal Code. I am rather disturbed by it. Once we open the door in this legislation we run the risk of undermining our concept of British criminal law whereby every person is deemed innocent until proven guilty and an accused is not forced to step into the box to prove that he is not guilty.

Of course the minister knows full well that an accused charged with a criminal offence cannot be compelled to step into a witness box to offer evidence. Here we are somewhat distorting that concept by providing that an accused must step into the box and offer some explanation. He must show cause that what he did was not a crime. This is a new concept which parliament should consider most carefully before introducing it into our system of government.

Mr. Fulton: Mr. Chairman, my hon. friend has completely misapprehended the nature of these proceedings. I say again there is no foundation for this allegation that the onus of proof is shifted from the crown to the person in whose possession the goods are found.

In the first place there has to be an information upon affidavit to such an extent that a judge becomes reasonably satisfied that there is cause to believe that a publication complained of is obscene. To that extent the crown has initially to make a case. There is an onus on the crown that it has to discharge. The crown must show the judge that there is reasonable cause to believe that this publication is offensive. If the crown does discharge that onus of preliminary satisfying the judge to this effect, the judge then makes an order or issues a warrant for the seizure of the material. The material is then brought into the court. There is the crown's case. The crown must first provide preliminary satisfaction to a judge that there is reasonable doubt to believe that there is an offence, and then the article claimed to constitute the offence is brought into the court and placed before the judge. Then, the crown has to present its case if it wishes to argue on the material, but there is also evidence presented by the crown to prove its case in discharge of the onus of the crown in these two ways that I have described.

What would happen if we did not say that the person should be summoned to show cause? We might come to, then, what right would a person have in whose premises the articles were found, what right would we have unless he was served with some sort of summons calling upon him to come in and in effect enter his defence? That does not mean in the first proceedings that the person concerned has to come into court and prove that there is no offence. He is only called upon to show cause when the crown has discharged these two preliminary onuses, the onuses which are imposed upon it in the first place, so that there is no question. It is a complete misapprehension to say that the onus of proof is shifted to the person. All that is done here is to give the person concerned the right to come in and answer the crown's case.

Mr. Crestohl: The minister surely recalls and knows that we have rules of procedure even in our criminal courts. This is a new procedure by which a person is summoned into court on a summons by a judge and is not accused.

Mr. Fulton: That is right.

Mr. Crestohl: I do not know under what section of our criminal procedure that is permissible.

Mr. Fulton: It is the only new part of this provision. The only new principle established is that we are providing for a procedure *in rem*, and in order to get the person concerned into court we have resorted to a show cause summons which has been in the United Kingdom procedure for many years; but I say there is no new principle introduced beyond that. We have not introduced the principle that the person concerned must answer the case before the crown has established a prima facie case. The crown has to discharge two onuses of proof by way of satisfying the court before this person

is called upon to speak to the court at all. Therefore, there is no shifting here. It is true we have resorted to a new procedure to get the person into court. That is the only new principle. Instead of charging him and getting him into court, we serve him with a show cause summons and get him into court that way and I do not think there is any prejudice of the individual whatsoever.

Mr. Crestohl: I do not want the minister to be under the impression that I am opposing the procedure; I just want to understand it. I think we all want to understand what is the procedure here. The summons is laid, because the minister speaks of the crown making a prima facie case by producing what he considers to be obscene literature. After he produces it and lays it before the judge the judge on oath issues the warrant. The minister says that that is a prima facie case.

Mr. Fulton: One.

Mr. Crestohl: At the present time when a prima facie case is made nothing else happens but the so-called accused is ordered to stand trial. But there is certain procedure at the preliminary hearing at which the prima facie case is made. The accused does not have to step into the box. That is quite different, as I see it, and he cannot show cause in any other way except by taking an oath. I do not know whether the hearing will be a new form of preliminary hearing that will be held, but there has to be some machinery set up by which he will show cause. The only way in which he can do that is to step into the box, take an oath and attempt to show cause. That, I say, is prejudicial to the person who may have been accused because if he does not succeed in showing cause he will have given evidence; there will be a deposition taken which will certainly be used against him afterwards at trial if he is sent for trial. That is the different concept that I see that disturbs me.

Mr. Fulton: Mr. Chairman, again I think my hon. friend misconceives the nature of the proceedings. There is no accused here; there is no accused person who has to step into the box and give any evidence whatsoever.

Mr. Crestohl: But he will be an accused later.

Mr. Fulton: No; he will not have given any evidence that can be used against him at a trial later if he becomes accused. The cause he shows would consist of argument; he is not in the box to give evidence in the sense of an accused person giving evidence in his own behalf; for there is no accused here. If I might strain the simile, the accused is the publication. There is an allegation made that the publication is obscene. It is recognized that the vendor, whoever the person is on whose premises it is found, has an interest in establishing that it is not obscene and therefore he is given the opportunity of coming into court, if he wishes, to argue that it is not obscene. He is not giving evidence in his own behalf which may be held against him if later on he should become an accused and tried. Remember this, too, that the prosecutions with respect to a publication adjudged to be obscene in the new procedure can only take place subsequently with the consent of the attorney general of that province. I suggest to my hon. friend that there is complete protection against such a malicious attempt to use anything that was said in an inquiry of this nature against the person who might later be accused.

As I see this scheme developing, if this person accepts the adjudication—he may or may not appeal—when the matter is finally disposed of, if he withdraws it from publication, makes no further attempt to publish or to sell it, I cannot see the attorney general authorizing the prosecution at all. If he wanted to prosecute him he would prosecute him in the first instance rather than resort to the procedure of disposing of the matter *in rem*.

I do not know whether I have satisfied my hon. friend or not. I do not think I can make it any clearer. I can only state as a fact that there is no accused; that the crown does have in two ways to make out a prima facie case. Therefore, it has two obligations on it, first, to satisfy the judge that there is a reasonable case for believing that here is an obscene publication; second, producing the publication in court by way of evidence; and, I would think in almost every case, a third obligation, namely to enter some argument before the judge who would feel that the case had been finally established. Only after these things are done, at least the first two of them, is there any case at all for a person on whose premises the matter was found to come in and answer it? I see no application of my hon. friend's argument at all.

Mr. Crestohl: Because this is an innovation I should like to ask the minister to allow me to examine it from another standpoint. Let us assume that someone has been brought into court because of literature that was seized on his premises. He has to show cause that it is not obscene. What will he first proceed to do? He will first offer his own opinion. He will then invite experts, specialists, sociologists, and offer all this evidence to

the court that the literature is not obscene. He is showing cause. His own word will not be sufficient. He may differ from the judge's opinion and it is the opinion of the judge against the opinion of the man before him. He wants to show cause and he will show cause by bringing to bear on the court all the opinions, all the knowledge, all the information, in an attempt to show that this is art, that this is science, that this is something else, that it is not obscene. Now, let us assume that that is completed and the judge is not impressed. He thinks it is obscene and he he orders a complaint laid.

Mr. Fulton: There will be no complaint laid. The only order the judge can make then is for the forfeiture of the material.

Mr. Crestohl: That is, confiscation. The complaint is subsequently ordered by the attorney general, or whoever it will be, if the court is of the opinion that it is obscene. In some form a complaint will be laid against him. He then comes to trial.

Mr. Fulton: May I make it clear that it does not automatically follow that the charge will be laid. The charge can only be laid when the attorney general consents.

Mr. Crestohl: I said that. Assume now the attorney general has ordered that the charge be laid and the man ultimately comes to trial—now, he is the accused—what more at trial can the accused do? What more evidence can he offer than he offered at the time he was called upon to show cause? He has no time to prove, as the result of expert evidence, that it is not obscene. He has attempted to do that at the time he was called upon to show cause. He will then have exposed any defence he may have had on the show cause procedure. There are certain procedures at the trial which protect him. For instance, at trial, he may not go into the witness box but on a show cause procedure he may step into the witness box and he may say things in the show cause procedure which he might be protected from saying at a trial.

Mr. MacLellan: With respect, Mr. Chairman, I suggest that the hon. member for Cartier has missed the whole point of this legislation. We all agree that we want to clean up this obscene literature. The only dispute is upon the method of doing it. I feel that the minister has brought forth a provision which is going to do the job very well.

The trouble with section 150, as it is now, is that it requires a prosecution against an individual. People were reluctant to bring charges against the merchants who were selling these magazines. Normally, when a charge was brought, a merchant would come into court to defend himself, not because he wanted to protect the literature, but to defend his own name because he did not want to be branded in the community as a person selling literature of this type. Now we have a section which will allow the municipal authorities to go out and gather up literature that is salacious, and not the proper type to be circulated in the community, without the storekeeper being charged. This section will help to eliminate the opposition of the merchant, who will not come into court and battle to protect his name because his name is not before the court.

As far as this "show cause" summons is concerned, the show cause summons is an important part of the section. I say that because I have seen the advantages of the show cause summons in general law practice. It is familiar in probate court procedures, for example, where a show cause summons is issued when it is not expected that persons summoned will appear. For instance, in the closing of an estate a citation is issued to the heirs, legatees, creditors and so on to inform them of the closing and to invite them to come in and show cause why the estate should not be closed. If they do not show up, then they have no cause for complaint. The minister has brought into use the show cause summons in this legislation so that the merchant will not have to defend himself as a person distributing salacious literature but, in his absence, the magistrate or judge can adjudicate on the matter and if so warranted, order the material destroyed.

There is another very good point about this section so far as I am concerned, and that is that no charge can be brought except with the consent of the attorney general. This provides that the merchant will not be personally charged as a result of the evidence brought forth without the consent of the attorney general, and therefore the merchant is not so likely to come in to fight each case. As the hon. member well knows, the problem so far in connection with cleaning up this indecent literature in any town has been that wherever the municipal officers try to prosecute a man they have the usual difficulty in securing convictions because magistrates do not like to adjudicate on matters where their decisions will reflect upon the reputations of men who are otherwise well regarded in the district. I think the show cause summons is an important part of this legislation in that the man himself is not upon trial but only the literature. The man, therefore, is not going to come forward to do battle to protect his name and thereby hinder literature clean-up efforts.

I believe this is a provision whereby we are going to be able to clean up the obscene literature in the nation, and that there is no other system of doing it. The show cause summons is part of this system. I think we have to keep it, so that a magistrate or judge can come to a conclusion that literature is obscene without charging anyone. Further the owner of the bookshop or newsstand is not worried about his good name being taken away as a result of publicity on a criminal conviction because his name does not come into it. Only the magazine comes into it, and he is probably not interested in the magazine. This is a big step forward that we are taking, and I believe it will permit us to erase this literature from the nation. We could not do this under section 150, but we can do it under this section. We should not weaken the amendment by taking out of it the very things that make it vital, and able to do the job we want it to do.

(Translation):

Mr. Denis: Mr. Chairman, the Minister of Justice (Mr. Fulton) will perhaps admit that the only power conferred to the judge under the proposed amendment is that of deciding whether the publication is obscene or not. If the literature, or publication, is considered obscene, the judge immediately advises the alleged guilty person and within seven days, that person has to prove that the literature is not obscene. Now, this literature may be obscene; but, being legally in possession of it, the vendor may claim that he was unaware of the fact. Under this amendment, that person will have to appear in court and will only be able to plead one thing: "The publication is not obscene", but, will not have the right to prove non-awareness with regard to possession of such literature or to any other legal plea.

Consequently, the case of anybody really in possession of a publication and who has the right to sell and distribute it, will go before the attorney general and will be prosecuted. Consequently the difference is that while formerly, the obscene literature could not be seized, whereas under this amendment, it can be so. Therefore, why have two prosecutions when a single one would be appropriate? If the publication is proved obscene, nothing prevents the Minister of Justice from prosecuting, and all the indicted person may say is that the literature is not of obscene character or that the accused was unwittingly in possession of it.

Thus, the procedure would follow the English practice, which has always been applied in Canada, i.e. that the accused is presumed innocent until proven guilty. Now, this principle would be saved and the amendment introduced by the Minister of Justice would have its full effect if the confiscation of the publication were simply permitted and immediately followed by the prosecution.

To my mind, such proceedings, by which the accused or the alleged accused may be summoned to show cause or move that his publication is not obscene become superfluous. Besides, everything is the plain consequence of a statement by one person before a judge, saying: "Here is an obscene publication". The judge, recognizing it to be so, then calls the vendor within seven days in order to prove that the publication is not obscene. That is all the law provides.

The crown prosecutor or crown attorney, is not informed of that procedure. Now, we must not forget that if all this handicaps the accused it may also be unfavourable to the crown because the crown lacks the necessary evidence that the literature is indeed obscene.

As the hon. member for Cartier (Mr. Crestohl) said, the accused may ask for a hearing of experts and attempt to prove that the said literature is not obscene, while the crown is not there to help the judge decide if the publication is so or not.

I consider this a step forward by the minister, but otherwise he knocks at the wrong door and, though the legislation presents some progress, it is a very small step forward. For that reason, we will nevertheless support the proposed amendment, because it is better to have half a loaf than none.

(Text):

Mr. Eudes: May I ask the minister to clarify one point in his reply to the hon. member for Cartier. Suppose that a warrant has been issued under subsection 1 of section 150A and that the court has been satisfied that the publication is obscene. The attorney general institutes—

Mr. Fulton: And that there are reasonable grounds for believing it is obscene.

Mr. Eudes: Yes. Then the attorney general decides to take proceedings. Will the evidence given before the court under subsection 4 serve in the proceedings instituted by the attorney general.

Mr. Fulton: No; I do not believe so. In fact, I think it is quite clear that the proceedings before the judge under the proposed section 150A would not be admissible in evidence in a criminal prosecution for the same publication at a later stage. These are entirely new

proceedings. They would have to be commenced *de novo*, I would think. As I think I have said this before, a court of concurrent jurisdiction, however, would regard the reasons for judgment in the proceedings in rem as of very real authority in reaching a decision on the question only of whether or not the publication complained of is obscene. But so far as the question of whether the accused has had this article in his possession is concerned, whether he offered it for sale and all those matters which are purely evidentiary matters, the evidence, if any, given in the proceedings in rem would definitely not be admissible in evidence in any criminal proceedings.

Mr. Eudes: That is exactly the reason why I have asked that question of the Minister of Justice because I noticed in his reply to the hon. member for Cartier he said that this evidence would not serve. But it is not included in this new clause of the bill. I am just wondering whether, not being included, that evidence would not serve.

Mr. Fulton: I am satisfied that you do not need any provision. I am satisfied that the present provision of the law is clear. Here you have two entirely different proceedings. They are not different stages of the same proceedings. They are entirely different proceedings. In the earlier proceedings *in rem*, as I understand it, there was no accused before the court to give evidence which might be admissible against him later on. I am satisfied that the present rules of evidence and the present procedural rules would clearly establish that these are two different things and that the proceedings in one are not admissible in the proceedings of another.

Mr. Eudes: That would be another matter for discussion among lawyers.

Mr. Godin: Mr. Chairman, it might be convenient for the committee if I were to pass on to subclause 2 of clause 12 which is section 150B. However, I do not want to cut short any other hon. member who may have questions on the clause. I feel that when we come to this clause, we find something that is certainly most amazing in its form and in the manner in which it will change "criminal guilt" in our country. Inasmuch as I am absolutely opposed to and see a grave crime in the tied sales mentioned in the explanatory note, I feel that the matter can be handled justly only in either of two ways, neither of which is the manner in which it is stated that it will be handled. In order to convict a person of a crime of trying or purporting to make a tied sale so called I think the Minister of Justice should have a good deal of courage and ban tied sales in the matters of publication and ipso facto it would be a crime in this country to try to sell literature in the manner of tied sales.

Mr. Fulton: I have done so.

Mr. Godin: If he fails to have that courage to ban tied sales, he should then apply only just methods. If this clause is construed, here is the manner in which the Minister of Justice intends to bar tied sales. They are not barred automatically. I say it should be done automatically. I say that he should bar tied sales in publication matters.

Mr. MacLean (Winnipeg North Centre): What is a tied sale?

Mr. Godin: It is explained in the note if the hon. member would read it. A tied sale is where a person will say, "I want to buy these five magazines" and the other person says, "I will only sell you these five magazines if you buy these too". That is a tied sale.

Mr. MacLean (Winnipeg North Centre): Any magazine or just obscene magazines?

Mr. Godin: No; any magazine. Then comes the matter of obscenity after that has occurred. Then a man is convicted of a crime according to this amendment, if the person to whom a tied sale is offered is apprehensive only that the literature may be obscene. This is a fair comment. It amounts to the position wherein I lay a charge of theft against somebody, he goes to court and proves that he did not steal it but still is found guilty because I thought he did. That is what this section says. It says that everyone commits an offence who refuses to sell a certain number of magazines—unless he sells them to a person—and he is found guilty if the other person is only apprehensive that the literature may be obscene. I say to bar tied sales absolutely in matters of publication or else, if you are going to do something else, you have to do it according to justice and not permit a man to hide behind the fact that he may have thought that the other two were obscene, go to court and show that they are not obscene and the man be found guilty of a crime that he has never committed.

That is the position in which this section places citizens in this country and it amounts to the example I have given where a person may lay a charge of theft against somebody and then that person is acquitted—and properly acquitted—but still he is found guilty because the other man thought he did it. That is section 150B. I am sure the Minister of Justice will admit that. Although I am absolutely opposed to tied sales, I think it is a great crime to be in that situation. If you wish to do so in matters of publication,

bar all tied sales. If you do not do that, at least you must do it justly and not put one citizen in a position where he is found guilty of a crime if the other person only thinks he is guilty.

Mr. Carter: The minister allayed our fears somewhat about this show cause clause and putting the burden of proof on the offender when he pointed out to us that when the crown had to prepare a case, first somebody had to provide information on oath. First, somebody had to provide information on oath and then the judge had to be satisfied that there were grounds for confiscating the book. Then the person concerned, the vendor, is summoned to show cause. The minister's argument will be considerably weakened if the vendor has to appear before the same judge because this judge has already tried the case and given judgment. So that the vendor is placed in the position of persuading the judge to reverse his judgment, and certainly if he is to show cause he should be summoned before another judge, not before one who has already tried the case.

Mr. Fulton: In that case without question the judge would feel he was biased and would withdraw, and make certain another judge or magistrate tried the case.

Mr. Crestohl: Mr. Chairman, the hon. member for Inverness-Richmond thought perhaps I had missed the point of this clause. I want to assure him that I am just as anxious to provide the machinery to clean up this obscene literature in our country as is he or any other hon. member of the committee. I am afraid it was not I who missed the point of the debate, it was he. We are discussing an innovation in our law, and if it is a proper innovation we will deal with it. But the question of showing cause I fear a little because of the element of there being the possibility of a person being placed in double jeopardy. His case is tried on its merits before one judge under the show cause procedure that it is not obscene; the court does not agree with him, and later through the intervention of the attorney general a complaint is laid. He is then summoned before another court and he must again prove that the material is not obscene. He is being placed in double jeopardy there. He is being tried twice, and that is a thing we should try to avoid. In the province of Quebec we do not have to show cause in civil matters as in the other provinces; but we are dealing with a criminal matter, and that is something I am really concerned about. If there is no double jeopardy here, even in a minor form, I do not agree. The fact is that a person or his literature in question is being tried twice—of that there is no doubt—and it is something which is foreign to our Criminal Code.

On the other hand, I would draw to the minister's attention that a court under subclause 8 means, as far as the province of Quebec is concerned, a judge of the superior court. Whether it is a judge of the superior court sitting in criminal matters or whether it is a judge of the superior court sitting in civil matters, I do not know. Our judges in the province of Quebec sit in civil matters unless they are especially delegated to sit in a criminal matter.

Now, assume a person is summoned before a judge of the superior court to show cause. Then he is summoned before another court, not before a judge of the superior court, but a criminal court. Here he is exposed to difficulties. I submit that whilst there is anxiety to provide legislation or machinery in our law to deal with obscene literature, let us not jump out of the frying pan into the fire. Let us not in an attempt to clean up one thing create another danger, which may be a very serious one. I would like the minister's explanation with regard to subclause 8 of clause 12 in which a court is defined as a judge of the superior court in the province of Quebec.

Then if a case is to be met and the person summoned does not succeed in showing cause, he will be transferred to another court, which is a criminal court. Would the minister kindly correlate this procedure, and also answer the question whether or not, because of this innovation of showing cause, an accused may not be exposed to double jeopardy.

Mr. Fulton: Mr. Chairman, I do not know quite how I can explain any more clearly than I have. In the first place, there is no question of double jeopardy, because no one is placed in jeopardy in the proceedings *in rem* at all by any stretch of the imagination. We have further provided that with respect to the publication adjudged to be obscene by these proceedings *in rem* no prosecution against any individual on a charge of selling that publication in that province shall be launched without the consent of the attorney general. Therefore no one can even be placed in jeopardy once unless the attorney general thinks it is a proper case, or for such reason as, for instance, the vendor, notwithstanding the adjudication that it was obscene, did continue to sell it instead of withdrawing it from circulation. So only if the attorney general consents can anyone be placed in jeopardy, and then under the amendments that we have introduced he will be placed in jeopardy for the first and only time.

There is no question of transferring anybody to another court or transferring the proceedings to another court. I have said, and I say again, that these are two entirely distinct, separate and non-related proceedings. One is an inquiry *in rem* to adjudicate upon the merits of the issue: Is or is not a publication obscene? The other, if a prosecution is instituted, is an ordinary criminal prosecution started in the ordinary courts where such prosecutions are made, in which an accused, for the first time accused, is placed in jeopardy for the first time. The proceedings before the court which were the *in rem* proceedings are not admissible in the criminal court where the accused is charged.

I cannot make it any clearer than that. I only hope my hon. friend, if he is not satisfied with my explanation, will say so because we cannot get any closer together, and I am afraid the only course open to him then would be to express his dissatisfaction by voting against the clause.

Mr. Crestohl: No, it is not a question of voting for or against it; we all want to attain the same objective. Let me illustrate what I mean. A man is suspected of having stolen goods in his possession. A search warrant is ordered and the police seize the stolen goods and bring them to headquarters. There they are identified by the owners as their property. Then the accused is told, "Now, sir, we have prima facie evidence that you are in possession of stolen goods; come and show cause that you have the right to hold that stolen merchandise." The minister will at once admit that under our system of criminal law, if he is called upon to show cause there he is really placed in a very serious and prejudicial position. I only give that as an illustration to indicate that this show cause provision is foreign to our law. It may not be in other jurisdictions in other countries, but it is foreign to our law. It may be a good system, and it may be desirable, but we should be convinced that it is desirable or we should debate with great caution before we vote on it.

Mr. MacLellan: Is the hon. member of the opinion that this section requires a man to show cause or just invites him? He does not have to show up, you know.

Mr. Crestohl: He does not have to show up but he will have himself condemned by his absence.

Mr. Fulton: He will not be condemned; the magazine will be condemned.

Mr. Crestohl: Yes, the magazine will be condemned, however, it is this show cause procedure which I question.

[Mr. Fulton.]

Mr. MacLellan: But that is what makes it easy.

Mr. Crestohl: It may make it easy in this instance but it may cause great anxieties in connection with our criminal law elsewhere.

Mr. Godin: I should like the minister to give an answer to what I said regarding section 150B.

Mr. Fulton: About all I can do is to read the section and ask the hon. member to consider carefully what it says. It proposes:

> Everyone commits an offence who refuses to sell or supply to any other person copies of any publication for the reason only that such other person refuses to purchase or acquire from him copies of any other publication that such other person is apprehensive may be obscene or a crime comic.

This relates the matter to obscenity with which we are dealing here. The hon. member invites me to deal with the question of tied sales generally. On another occasion and under other conditions I might be glad to discuss the matter with him but we are not dealing with the law with regard to the commercial or economic aspects of tied sales in general, but with tied sales as connected with or having a bearing upon the distribution of obscene literature. That is why the clause is drafted in this way and that is the only explanation I can give.

Mr. Godin: Does the minister realize that a person can be found guilty of a crime while obviously committing no crime?

Mr. Fulton: No. The hon. member has not read the section, or else he has obviously misunderstood it. This relates not to whether or not a publication was obscene but to whether or not a person refuses to supply other publications to a person who apprehended it was obscene.

Mr. Godin: Is that not putting the position of one citizen in a position inferior to that of another?

Mr. Fulton: I believe the only way this could work is if the person in question who is resisting the sale says: I do not want to take magazine X because I think it is obscene, I should prefer to take Y, and the publisher says: no, I am sorry, you cannot get Y without taking X, and the distributor insists, I do not want X because it is obscene. If the publisher persists in trying to make the sale and refuses to sell Y and if the distributor says, No, I won't take it, the publisher is guilty of an offence. There is no question of supposition or anything else there. It is just to prevent tied sales contributing to the distribution of obscene literature.

Mr. Godin: Is that not placing the tied sale in public instead of parliament dealing with it?

Mr. Fulton: I cannot follow the hon. member's argument. Parliament is being invited to deal with this question. The matter is before parliament; we have defined a tied sale. Now parliament is asked to approve or disapprove it.

Mr. Godin: If the Minister of Justice is a purchaser of books in a business, all he has to do to bring up the tied sale problem is to say: I feel that the two others you want to sell me may be obscene, and the man is found guilty of a crime.

Mr. Fulton: Oh, no.

Mr. Godin: Inasmuch as I admit the awful crime of tied sales when they are proved to be used, in the sense of justice there is no other way to render a man guilty of a crime if it is proven that he had attempted to pass on obscene literature under a tied sale arrangement. Otherwise you cannot honestly find the man guilty of that crime unless you bar tied sales altogether, which the Minister of Justice has indicated he is not prepared to do, then the only other way to do it is to find the man guilty of the crime if he has really tried to pass obscene literature in a tied sale and in no other way, not on the word of another businessman who is dealing with it.

(Translation):

Mr. Eudes: Mr. Chairman, while I do not wish unduly to impede consideration of this section by the committee, I should like to ask the Minister of Justice (Mr. Fulton) to explain a point with regard to paragraph (a) of subsection (8), which reads as follows:

"Court" means a county or district court, etc. . . . or in the province of Quebec, the Superior Court;

Could the minister tell us if only the superior court will be authorized to adjudicate in the case of seizures to be executed under that section 150a, because under our court system in the province of Quebec, the superior court is essentially a civil court which, occasionally, hears criminal cases, but in assize court.

Criminal cases are dealt with especially by the court of the sessions of the peace. Therefore, I would like the Minister of Justice to tell us if that reference to the superior courts is restrictive.

(Text):

Mr. Fulton: I think the hon. gentleman will find—and I had to be reminded of this—that there was a gap originally in the criminal jurisdiction of the Quebec superior court, but the Quebec legislature amended the appropriate act last year to give the superior court criminal jurisdiction. It has the jurisdiction, and as there are no district courts in Quebec it was for that reason we selected the superior court.

Mr. Eudes: What about the *cours de session de la paix* which is not a superior court but which has jurisdiction in criminal cases?

Mr. Fulton: Yes, it is true that the *cours des sessions de la paix* have criminal jurisdiction but we thought it was better to select the same court for this purpose as was selected last year to hear appeals from decisions of the tariff board under the Customs Act in connection with obscene literature. We thought it was logical that these hearings should be in the same court.

Mr. Eudes: So they would have to come before the superior court.

Mr. Fulton: Correct.

Mr. Eudes: Which would mean, before a civil court.

Mr. Fulton: No, because the superior court of Quebec is now vested with criminal jurisdiction.

Mr. Eudes: Yes, but the justice of the superior court is not the justice of the *session de la paix*. How would he be able to judge a case in the criminal court?

Mr. Fulton: Because it is now a court of criminal jurisdiction by express enactment of the legislation of the province of Quebec. Jurisdiction in criminal matters have been conferred on it.

Mr. Crestohl: As far as I understand, the judges of the superior court, when they sat in a court of criminal jurisdiction have sat in the court of Queen's Bench. I do not think a judge of the superior court will sit in any criminal jurisdiction other than on his own level, and that is the crown's side. I do not think the minister intended that a judge in the province of Quebec to have jurisdiction over this matter must be a judge of the superior court. It certainly would complicate the whole operation of this clause if that were what the minister intended. I believe the matter could be simplified by changing the meaning of the word "court". It would be of assistance if we were to say that the word "court" means a superior court or court of the sessions of the peace or any other court that has civil or criminal jurisdiction.

Mr. Fulton: If my hon. friend will examine the legislation in Quebec to which I have referred he will see that this is the proper terminology to refer to that court for this purpose. My recollection is that the question came up first in connection with the jurisdiction of the Quebec superior court and

judges thereof to hear appeals of summary convictions. We found that there was a gap. We entered into correspondence with the attorney general of Quebec and asked if he would prefer to take care of the matter by provincial amendment or have it taken care of by amendment to the Criminal Code. He replied that he would prefer to have it done by provincial legislation and this was accomplished. This court now has authority under its provincial statute to accept jurisdiction in criminal matters, and when we, in a Criminal Code amendment, confer jurisdiction to hear criminal or quasi criminal matters, I do not think there is a question of the jurisdiction to do so.

Mr. Crestohl: Does the minister really intend that a judge of the superior court of Quebec should hear complaints such as these or charges laid for offences committed under this clause which are normally heard in the court of sessions of the peace in the province of Quebec and are then followed by an appeal to the court of Queen's bench?

Mr. Fulton: Mr. Chairman, they are not normally heard because this is a new jurisdiction, but the way I have to answer the question is by saying I am satisfied that they are in a position where this jurisdiction can be transferred upon them by this amendment to the Criminal Code.

Mr. Crestohl: Conferred upon them to the exclusion of all other judges of all other courts in the province of Quebec?

Mr. Fulton: We very frequently confer initial jurisdiction or exclusive jurisdiction on magistrates or county court judges, as the case may be, to take up a matter in the first instance. For example, we here confer exclusive jurisdiction on the county or district courts of all the other provinces of Canada to hear these matters. There has to be a court designated.

Mr. Eudes: Mr. Chairman, with all due respect, I suggest that the minister study this clause again so as to extend the jurisdiction to judges of criminal courts, not only judges of the superior courts, whose roles usually are restricted to civil cases.

(Translation):

Mr. Fortin: Mr. Chairman, the fact that the Superior Court of Quebec does not sit between June 30 and September 1 might give rise to some difficulties. If a case of this kind should occur during summer, the situation would certainly be embarrassing in our rural districts, because the judges of the Superior Court sit there only one week per month, while the district judge who has a concurrent jurisdiction in criminal and civil matters goes out there more often.

(Text):

Mr. Fulton: Mr. Chairman, I do not want to be stubborn about this thing. We will therefore be quite prepared to let it stand over the dinner hour and consider it again. I doubt if the committee will complete its consideration of the rest of the bill before six. I would urge, however, that we dispose of all other matters relating to these two clauses so that we might have just the one matter outstanding.

The Chairman: Is it the pleasure of the committee to let clause 12 stand over the dinner hour?

Some hon. Members: Agreed.

Mr. Fisher: Would that cover 150B?

Mr. Fulton: If my hon. friend wishes to refer to 150b he may be free to do so. Although it comes under clause 12, it has not been stood.

Mr. Fisher: I have just been referring to the evidence presented to the special committee of the other place on the sale and distribution of salacious and indecent literature, the minutes of the proceedings dated February 25, 1953. I was interested particularly in statements made by Senator Croll, at that time a private hon. member of this house, who represented the periodical distributors of Canada. He makes the case that the wholesale distributors are not in themselves responsible for setting up block buying or tied buying and that this comes into effect from the publishers. He makes the point that there are what could be considered good features of block buying. It means, for instance, that any magazine that passes customs will receive distribution in Canada and will not be stopped from having it just because someone at a corner store happens to have a complaint against it. This seems to me to have a certain degree of validity. The provisions of 150B may be setting up each retail outlet as a potential censor of what is going to be distributed. Is that not a possible consequence of this provision?

Mr. Fulton: I am not sure I have fully apprehended the hon. gentleman's point, but I will suggest this to him which may dispose of the matter. It is true that the periodical publishers say that they do not impose these tied sales or block sales upon vendors. On the other hand the vendors, both individually and through their associations, maintain with equal vigour that they are victims of a tied sale sytsem imposed by the distributors. If the distributors do not impose tied

sales, there can be no harm done to the distributors by making such sales illegal under these circumstances.

Mr. Fisher: Senator Croll said at this hearing that the distributors did not create the system whereby they buy in block but, unsatisfactory though it may be, it is the system which prevails and if the wholesale distributors wish to continue in business they are obliged to conform to it. It seems to me that Senator Croll was suggesting that the onus for this rested on the publishers and not on the distributors. How, then, is this problem going to be met?

Senator Croll, as reported at page 144 of the minutes of the meeting, dated February 25, 1953, went on to say:

—a simple letter or phone call to the distributor, and he may cancel delivery of future issues of any title he does not wish to handle, without fear of curtailment of class publications. The distributor does not have this privilege with the publisher.

Mr. Fulton: Our proposed provision would apply at any level whatever, between the vendor and the retail distributor, between the retail distributor and the wholesale distributor and between the wholesale distributor and the publisher. If this proposal were to carry, refusals to sell to the next person down the line because that person said, "I do not want such and such magazine because it may be obscene", would be an offence at whatever level it took place in the distributive chain.

Mr. Fisher: Is it not possible that tied sales could be handled under the Combines Investigation Act?

Mr. Fulton: It possibly could be done there and we would, as I said, be prepared at the right time and in the right context to give consideration to it, but we were particularly concerned with its impact on the distribution of obscene literature and that is why we have dealt with it as a separate item here.

Clause stands.

On clause 14.

Mr. Fisher: I am concerned about messages sent by radio as referred to in this clause. Is this designed to keep people from using small transmitters at race tracks in order to transmit information from a race track to beyond? That is one point. The other point is:

—transmits, delivers or receives any message by radio—

In other words, if a person is listening to a straight broadcast by radio from a park in which the odds were listed, would he now be convicted under this clause because of the change that has been made?

Mr. Fulton: Mr. Chairman, the reason for this amendment, to answer the first question, is that it was recommended by the deputy attorney general of Alberta, and arose from a case reported to him by the Edmonton city police in which a radio station in Alberta was said to have broadcast for racing fans in northern Alberta selections of bets in horse races being conducted that day in Saskatoon, Saskatchewan.

While section 177 of the Criminal Code is intended to embody the general principle that the transmission of information primarily or relating to or intended to be used for betting should be prohibited, it was held, in the example where radio was used in this manner, that this was not at the present time prohibited by this section; so we designed this amendment to fill in the gap.

The second part of the question as I understood it was whether an occasional broadcast on the running of races from a park where races were being run could be brought in and prosecuted under this section. I would say no because the offence is willfully and knowingly sending any message by radio or otherwise that conveys any information relating to bookmaking, pool selling, betting or wagering, or that is intended to assist in bookmaking. Therefore, I would say that the ordinary rules of mens rea and intent would apply and would be used to exclude such a case as my hon. friend refers to.

Mr. Fisher: I would like to give an example. I do not know whether it still holds but there was one radio station in Hamilton a couple of years ago that always used to give the race results and the odds throughout the afternoon. It also gave the entries beforehand. This station was listened to by the bookies around Toronto and they used to pay off on that particular information. I have been in corner cigar stores where they would be listening to the results and the people would be there to place their bets and on those results the pay-off would be made.

Mr. Fulton: Mr. Chairman, if it was used for the purpose of enabling bookmakers to settle bets or, as I read it, to convey any information relating to bookmaking, pool-selling, betting or wagering; if it was used for that purpose, then I would say once this clause passes, such information conveyed by radio would make the sender liable to prosecution.

Mr. Fisher: Would it not also make the receiver, someone who had his set on and listening to this particular station, liable to prosecution, if he were using the information for the purpose mentioned?

Mr. Fulton: If it was wilfully and knowingly received for that purpose, yes.

Mr. Herridge: Mr. Chairman I am not in the habit of frequenting cigar stores in connection with race track bets, but I do want to ask this question. If a person is there and witnesses this sort of thing would he be considered an accessory after the fact?

Mr. Fulton: No, Mr. Chairman, because the ordinary provisions of criminal law prevail. It has to be a wilful act in the technical sense of the word used in the Criminal Code.

Mr. Pickersgill: In the example given by the minister it was a radio station in Saskatoon.

Mr. Fulton: No, a radio station in Alberta.

Mr. Pickersgill: A radio station in Alberta?

Mr. Fulton: The race was in Saskatoon.

Mr. Pickersgill: Can the minister say whether the prosecution has to be instituted by the provincial authorities?

Mr. Fulton: There could be a private complaint, but normally the prosecution would be brought by the attorney general's department.

Mr. Pickersgill: Would it be possible for the attorney general of Alberta, since the minister said that was where the suggestion came from, to prosecute a station in some other province?

Mr. Fulton: No, and he would not have to deal with the case. In the case here, a station in Alberta passed information with regard to races in Saskatoon over to persons in northern Alberta who may have bet on the races.

Mr. Pickersgill: Suppose the broadcast was from Lloydminster, if there is a radio station on the Saskatchewan side of the provincial boundary, and suppose it would reach northern Alberta just about as well as the other one in Edmonton, it would not be possible. After all, we are making a general law and not a law for the situation in Edmonton.

Mr. Fulton: No, quite so. It would not be necessary for the attorney general of Alberta to try to prosecute a radio station in Saskatoon, because there is an attorney general in Saskatchewan. That is where the offence is committed.

Mr. Pickersgill: The fact is, because of the effect on the revenues of Alberta surely it is very unlikely that the attorney general of Saskatchewan would prosecute.

Mr. Fulton: I do not think my friend should make that suggestion because to my knowledge the attorneys general of all the provinces are quite concerned with the law in their particular provinces. If the attorney general of Saskatchewan is given evidence which indicates that an offence is committed in Saskatchewan he would discharge his duty in that regard.

Mr. Pickersgill: I do not think this clause will be very effective but I have another question. Did he have any suggestions to amend from any other sources except the deputy attorney general of Alberta, and can he say who was the attorney general of Alberta at the time this complaint was received?

Mr. Fulton: I have not got the information here, but I would think it would be the present attorney general of Alberta. This is my impression because I do not think this is of more than two or three years' duration at the outset.

Mr. Fisher: Because of the fact that many radio stations do broadcast the racing results and the odds, I cannot conceive of their doing it just to improve the breed. That is one of the great arguments for racing. Of course, we know that the provinces and to a certain extent the federal government have an interest in getting as much betting at the tracks as possible because it is one way in which they raise money; but it seems to me under this clause the minister could proceed against quite a number of radio stations that give the results because it is certainly arguable that the majority of their listeners would not be interested, for example, in who ran third in the fourth at Woodbine and the pay-off unless they were interested in the betting part of it. I was wondering whether this may not go a little bit far in making radio stations open to prosecution in this particular regard?

Mr. Fulton: Mr. Chairman, it is an offence now for any person to wilfully and knowingly send, transmit, deliver or receive any message by telegraph, telephone, mail or express that conveys any information relating to bookmaking, and so forth. There is an offence now. We have evidence that there is a gap. The gap is that if a person sends it by radio or transmits or receives it by radio it is not an offence. We are, therefore, merely plugging that gap. The intent still has to be there. We are not saying that any radio station that broadcasts results of a race meet which is of general interest to its listeners, for the purpose of informing those listeners and thereby inadvertently gives information which some bookmakers use, is guilty of an offence. He is not because the words of the section make it clear it has to be done wilfully and knowingly for the purpose of betting, bookmaking, and so forth. I do not think my hon. friend need

fear that there will be a whole rash of prosecutions against innocent radio stations.

Mr. Fisher: I do not think they are so innocent.

Mr. Pearson: If the radio station that broadcasts those messages regarding betting and that sort of thing was outside the country where it is legal to broadcast this kind of information, would the receipt of that kind of information in Canada be a crime?

Mr. Fulton: The receipt for that purpose of information in connection with betting would be, yes; if it was for the purpose of bookmaking, betting and so forth.

Clause agreed to.

On clause 15—*Certificate of analyst prima facie evidence.*

Some hon. Members: Six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: Shall clause 15 carry?

Clause agreed to.

Clauses 16 to 26, inclusive, agreed to.

On clause 27—*Time for payment.*

Mr. Crestohl: When we were discussing the principle of the bill mention was made of the setting up of a system to provide for the payment of penalties by instalments. There is a feeling that this clause would encourage crime or would encourage the commission of offences rather than discourage it. While our courts have jurisdiction to allow the accused time to pay a penalty in special circumstances, this clause seems to almost establish a right of the accused to demand time to pay a penalty, and the court could, itself, impose payment of penalties on the instalment plan.

I feel that while this is not altogether novel as a practice, as a law it is something that is altogether novel. I had thought the minister would have explained the background of this clause. If it were not a new section, if it were just amending an existing section, it would not require this explanation which I feel the committee and the country should receive from the minister. We should have the background, whether it is a historic background or a legislative background which has prompted the minister to make this proposal. I cannot say I oppose it and I cannot say I favour it. It is because it is something new that I should like to hear some explanatory remarks from the minister in connection with this proposal.

Mr. Fulton: I should have been very glad indeed to explain the background of this clause, if my hon. friend had given me a chance before he spoke himself.

Mr. Crestohl: If the minister will excuse me, I may say that the other clauses were being carried so quickly I thought this one would be, too.

Mr. Fulton: The fact that the hon. member rose was the first intimation I had that members were concerned about this clause, because this amendment is as good as all the other amendments we are proposing to the Criminal Code.

Perhaps I might be permitted on this clause, Mr. Chairman, to give an explanation of clause 31, which is related to clause 27, the one immediately before the committee. These two clauses amend the law so as to make provision for the giving of time for the payment of fines. The present state of the law is that, first, where a fine is imposed for an indictable offence there is no provision for the giving of time and, second, where a fine is imposed for a summary conviction offence subsection 3 of section 694 authorizes the court to direct that the fine shall be paid forthwith or, if the accused is unable to pay forthwith, at such time and on such terms as the summary conviction court may fix.

What is proposed by clauses 27 and 31 may be summed up very briefly as follows: The law on this subject is to be made the same for indictable offences as for summary conviction offences. A duty is to be imposed on the sentencing court to satisfy itself that the convicted person has the means to pay a fine before sending him to prison for failure to pay. The objective of these amendments is to eliminate, so far as our criminal law is concerned, to the greatest extent possible any remnant of imprisonment for debt. We hope that the result of the amendment will be that imprisonment for failure to pay a fine will only occur where there has been a contempt of court, that is a failure by the convicted person to pay a fine ordered by the court even though he has the means to pay it.

In the result it is anticipated that the state will benefit morally, economically and socially by a decrease in the number of persons who would otherwise be started on a career of crime by reason of prison associations, that is that they have been sent to jail because they were unable to pay their fines, and that the state will also benefit financially by an increase in receipts from fines and a

decrease in the prison population with a resultant decrease in the expense of maintenance of prisons.

I should perhaps remind the committee that this is not the first time this change has been advocated in this house. It was advocated by the Prime Minister on a number of occasions when he was a member of the opposition, and specifically it was advocated by him in 1956 when he introduced a bill which would have had the effect of amending the Criminal Code. This bill was No. 167 of 1956 and, although not in exactly the same terms as the proposal now before us, it was certainly to the same effect. I should remind the committee also that this proposal was advocated by the Fauteux committee report, and that there is similar legislation in the United Kingdom. The general experience with legislation of this kind has been that, far from encouraging the commission of crime, it has been calculated to produce the result that instead of having people sent to jail simply because they did not have the money to pay their fines they are kept out of jail and thus the association of those persons with hardened criminals is reduced, with consequent benefit to the whole of society.

Clause agreed to.

Clauses 28 to 31, inclusive, agreed to.

Mr. Fulton: Following on clause 31 I should like to ask leave of the committee to amend the bill by adding a new section 32 and by renumbering the subsequent claused accordingly. The amendment I would propose is as follows:

That the bill be amended as follows:

1. By adding thereto, immediately after clause 31 thereof, on page 12, the following clause:

"32. Subsection (5) of section 697 of the said act is repealed and the following substituted therefor:

(5) A summary conviction court that waives jurisdiction in accordance with subsection (4) shall name the summary conviction court in favour of which jurisdiction is waived, except where, in the province of Quebec, the summary conviction court that waives jurisdiction is a judge of the sessions of the peace or a judge of the municipal court of the city of Montreal".

2. That the present clauses 32 to 37 be renumbered as clauses 33 to 38 respectively.

That is the amendment I would propose. I would ask one of my colleagues to be kind enough to move it.

Mr. Starr: I so move.

Mr. Fulton: Perhaps I should explain the reasons for the amendment. The purpose of this clause is to facilitate the work of the municipal court of Montreal. I have therefor to refer to the suggestion made by the hon. member for Megantic on clause 1 that in the definition of "magistrate", the word "recorder" should be deleted and "municipal judge" should be added. He said, as I understood him, that there were no recorders now and that the jurisdiction should be conferred on municipal judges.

On looking into the matter, I find that the position is that recorder's courts have not been abolished but their names have been changed to municipal courts.

In this connection I should like to refer my hon. friend to section 1 of chapter 52 of the statutes of Quebec of 1952-53 which reads as follows:

1. Every recorder's court existing in the province at the time of the coming into force of this act, by whatever legislative authority established, shall hereafter be designated by the name of "Municipal Court of the City of (name of the city)" or "Municipal Court of the Town of (name of the town)" as the case may be.

It is to be noted that the provincial legislature went to some lengths in making this change in the name of these courts to avoid any possibility to there being any difficulty in connection with the jurisdiction conferred by federal legislation. In this connection it is important to read section 4 of chapter 52 of the Quebec statutes of 1952-53, which is as follows:

4. Every recorder in office at the coming into force of this act and every municipal judge to be appointed in the future shall act in the province as recorders, with respect to the jurisdiction attributed to a recorder under the acts by the parliament of Canada.

It is to be borne in mind, of course, that the provincial legislature is responsible for the constitution of courts of criminal jurisdiction. It will therefore be seen that not only is this amendment appropriate but that the use of the word "recorder" in the earlier clause of this bill is appropriate.

(Translation):

Mr. Eudes: Mr. Chairman, I am very glad to note that the Minister of Justice (Mr. Fulton) has followed the suggestions we made when subsection 1 of the bill was being considered.

Now, I wonder whether the proposed amendment should not likewise extend to section 16 of the bill, amending section 225 of the Criminal Code.

(Text):

Mr. Fulton: Mr. Chairman, I am afraid that I am unable to understand the hon. member's question if it relates, as I understood him to say, to clause 16 of the present bill. I do not see the connection.

Mr. Eudes: Court, justice or magistrate; just to clarify the section you should add "municipal judge".

Mr. Fulton: I wonder whether my hon. friend has asked the question on the right clause. We are dealing with a clause which

I have moved or which has been moved by one of my colleagues and which refers to the waiving of jurisdiction. I do not quite see the relationship between this proposed amendment and clause 16 of the bill.

Mr. Eudes: Municipal judge. Of course, this clause was passed; but at the time the clause was passed you did not have this amendment.

Mr. Fulton: But clause 16 refers to the making of an order prohibiting a person convicted of certain offences from driving a motor vehicle on the highway in Canada and we have inserted there the offence of leaving the scene of an accident by the addition of subsection 2 of section 221. I do not see what relationship that has to the question of waiving jurisdiction by certain courts in the province of Quebec.

Mr. Eudes: The point is this. Under section 16 you have the word "magistrate". It seems to me that the proposal now extends the power of the magistrate to a municipal judge and in section 1 of this bill with the word "magistrate" is not included the word "municipal judge".

Mr. Fulton: Mr. Chairman, I am sorry to have to say that I am unable at the moment to understand the problem which my hon. friend was posing to me. I am most anxious to make certain that we do not leave a gap in the jurisdiction of the courts of the province of Quebec, but before I can answer my hon. friend I would ask him to be kind enough to restate the question he has in mind.

Mr. Eudes: The minister in his remarks made reference to what the hon. member for Megantic said last week about replacing the words "recorder" by "municipal judge", and "recorder's court" by "municipal court". Am I correct or not?

Mr. Fulton: Yes.

Mr. Eudes: This is a reply to the remarks that the hon. member for Megantic made last Tuesday on clause 1 of this bill when he said, if I remember, that in the province of Quebec a recorder and a recorder's court did not exist, and that both were replaced by municipal judge and municipal court. So that if this amendment were added after clause 31 I thought it would be the proper time to submit to the minister that in clause 1, "municipal judge" and "municipal court" should be added to the existing phrasing. At the same time, I mentioned a moment ago that under section 225—

Mr. Fulton: Mr. Chairman, I think the answer to my hon. friend is found in the fact that section 4 of the statute of Quebec, which changed the name of the recorder's court to the municipal court, also provided that:

> Every recorder in office at the coming into force of this act and every municipal judge to be appointed in the future shall act in the province as recorders, with respect to the jurisdictions attributed to a recorder under the acts by the parliament of Canada.

So that every time we refer in our statutes or our bills to a recorder in the province of Quebec that automatically means, so far as Quebec is concerned, a municipal judge. Therefore I do not think we need change the terminology of our act, because the province of Quebec has by its statute in effect allowed us to continue the terminology of "recorder".

Mr. Eudes: I thank the minister for his explanation; that is the point I wanted cleared up.

Mr. Godin: Mr. Chairman, may I add that the explanation is very clear, since the bill in clause 1 uses the words, "a recorder". But the clause now in dispute is clause 31, which amends the section by adding—

Mr. Fulton: I am afraid my hon. friend misunderstands the situation. I have just introduced an amendment to add a new clause as clause 32 of the bill, which would amend section 697 of the code. Then I have asked leave by the amendment to renumber the subsequent clauses of the bill accordingly. We are discussing the new clause 32 of this bill.

Mr. Godin: Would the minister explain how a municipal court judge in the province of Quebec can make an order prohibiting a person found guilty in his court of the offences mentioned in section 225 (1) as amended from driving in Canada.

Mr. Fulton: Mr. Chairman, I am unable to understand again the question of my hon. friend, because clause 32 of the bill, now clause 33 by virtue of the amendment we have just adopted, relates to the definition of court of appeal so far as the province of Newfoundland is concerned.

Amendment agreed to.

On clause 32 (new 33)—*Prince Edward Island.*

Mr. Pickersgill: Mr. Chairman, I notice here in (aa) under clause 32 (1) that it says:

> —in the province of Newfoundland, a judge of the supreme court.

And then later on, with reference to Ontario, (d):

> —the county court of the district or county or group of counties—

I was wondering why the county court judges in Newfoundland were not also included. There may be some good reason for it, I do not know.

Mr. Fulton: I think the answer is that the county court judges of Newfoundland have been comparatively recently appointed, as my hon. friend knows, and we have not yet been advised by the government of the province of Newfoundland that they are prepared to have the jurisdiction over appeals from summary convictions, conferred upon their county courts.

Mr. Pickersgill: I am a little touched by that reference, because they were appointed just at the time I was appointed to the privy council and became a candidate for this parliament. I do not like to think it is all that recent, but I am satisfied with the hon. gentleman's explanation.

Mr. Fulton: I used the word "comparatively" and I think it applies in both cases.

Clause agreed to.

Clauses 33 to 35 (new 34 to 36) inclusive agreed to.

The Chairman: Shall we revert to clause 12?

Some hon. Members: Agreed.

Mr. Fulton: No. Clauses 2 and 3, I think, Mr. Chairman.

The Chairman: Shall we revert to clauses 2 and 3?

Some hon. Members: Agreed.

On clauses 2 and 3.

Mr. Fulton: I should like to point out to the committee that on July 1, during the debate which took place on that day, the word "flight" in clause 3 raised for examination many of the ramifications of the drafting process that do not ordinarily come to notice outside the mind and office of the draughtsman.

In subsection (1) of the proposed section 5A reference is made to an aircraft "in flight" and to the termination of a "flight" of an aircraft. In this context, no definition or other aid to the interpretation of either "flight" or "in flight" is required. Obviously "flight" has the primary dictionary meaning of "act... of flying or moving through the air" and "in flight" means in the act of flying or moving through the air. No definition is required to make it clear that "flight" is not used in any of the many other dictionary senses of the word such as, for example, "running away" or any of the other modern senses such as, for example, the designation of a scheduled trip of a commercial airline

[Mr. Pickersgill.]

Any such sense is clearly inapplicable. Most words in the English language have several senses. Where the appropriate one for a word used in a statute is dictated by the context, it would be unnecessarily cumbersome to spell it out by a definition.

In the proposed section 5A of the code the function of subsection (4) is not to designate the sense in which the word "flight" is used. It was on the contrary, inserted to extend for the purpose of the provision the meaning of "flight" in its ordinary sense of the act of flying or moving through the air by adding on to that act, the act of taxiing at each end of the true flight. To accomplish this, subsection (4) was worded as follows:

(4) For purposes of this section and paragraph (3) of section 2 an aircraft shall be deemed in flight from the moment the aircraft first moves under its own power for the purpose of taking off until the moment it comes to rest at the end of its flight and when it so comes to rest that flight shall be deemed to have terminated.

So worded I do not think any person reading subsection (4) with subsection (1) could fairly misinterpret its effect and I do not think any court after proper argument could misinterpret its effect. However, that, taken by itself, can be misconstrued, as established by the debate that has taken place.

The point that bothered some hon. members, justifiably, I think, can be eliminated by deleting the words "at the end of its flight" in lines 27 and 28 so that the subsection would read:

(4) For purposes of this section and paragraph (30) of section 2 an aircraft shall be deemed in flight from the moment the aircraft first moves under its own power for the purpose of taking off until the moment it comes to rest and when it so comes to rest that flight shall be deemed to have terminated.

However, as was made to appear by one hon. member at the end of the debate—I think it was the hon. member for Burin-Burgeo—this would completely distort the whole concept in the ordinary case of a take-off by terminating the "flight" when the aircraft comes to rest at the end of the runway to wait for clearance from the tower. This experience, I may say, is instructive and underlines the danger involved in making amendments on the floor of the house.

Various alternative suggestions occurred to us, with regard to which I do not think I need go into detail, in an endeavour to meet all the possibilities, and I should like to ask leave of the committee to withdraw the amendment now before us and to substitute therefor the following:

That clause 3 be amended by striking out lines 24 to 29, both inclusive, on page 2 and substituting therefor the following:

(4) For the purposes of this section and paragraph

(30) of section 2, "flight" means the act of flying or moving through the air and, where an aircraft has been in flight, the flight shall be deemed to have commenced when the aircraft first moved under its own power for the purpose of taking off and to have terminated when the aircraft ceased to be in motion.

That, it seems to me, would cover the case both of the movement for the purpose of taking off and the other related but distant case of the aircraft which comes to rest in Canada at the end of a flight, as we attempted to define it, though not at the end of the so-called scheduled flight. We have taken care of that, I think, by the use of the words "to have terminated when the aircraft ceases to be in motion". So that whether the aircraft was involved in an accident and crashed in Canada, as one hon. member suggested, or whether it landed at Winnipeg, in the case of a Scandinavian airlines plane, in both cases the flight would have terminated when the aircraft ceased to be in motion in Canada and therefore the Canadian courts would have jurisdiction.

May I have leave to withdraw the amendment, in which case a new one will be moved by my colleague?

The Chairman: Has the minister leave to withdraw the amendment as requested?

Some hon. Members: Agreed.

Mr. Starr moved:

That clause 3 be amended by striking out lines 24 to 29—

Mr. Pickersgill: Dispense.

Mr. Crestohl: I wonder if we might have the amendment read, Mr. Chairman?

The Chairman: Very well. The amendment reads as follows:

That clause 3 be amended by striking out lines 24 to 29, both inclusive, on page 2, and substituting therefor the following:

"(4) For the purposes of this section and paragraph (30) of section 2, "flight" means the act of flying or moving through the air and, where an aircraft has been in flight, the flight shall be deemed to have commenced when the aircraft first moved under its own power for the purpose of taking off and to have terminated when the aircraft ceased to be in motion."

Amendment agreed to.

Mr. Carter: That covers everything except the very short period between the time it comes to rest at the end of the flight and then taxies up to the terminal. That period is not covered.

Mr. Fulton: I think if the hon. member will recall most of the occasions when he has been on a commercial aircraft in flight, the aircraft lands on the runway, slows down, but does not as a rule come to a complete stop, then turns on the runway to go to other concrete approaches, approaches the landing ramp and stops. It is true that in a particular case if the aircraft comes to a stop before it gets up to the ramp the flight would have terminated there, but the pilot could have radioed ahead and had Canadian peace officers awaiting him when he brings the aircraft to rest.

Mr. Pickersgill: That brings us to a serious point. Is the minister aware of the situation at Stephenville where the plane lands on the United States runway and then comes to rest on the Canadian apron? I had not envisaged that until my friend the hon. member for Burin-Burgeo mentioned the case. This has in fact happened to me: the plane has landed at Stephenville, come to a complete stop while still on the United States base where our peace officers would not have any jurisdiction, and has then resumed its motion though not its flight before coming into the terminal.

Mr. Fulton: I think the answer to that is that the United States base in Newfoundland is still in Canada and therefore the Canadian peace officers would still have jurisdiction under the particular circumstances we are covering in these amendments.

Mr. Pickersgill: But is the minister really sure of that? The last time I was at the United States base I was rather surprised to find an R.C.M.P. officer there. When I told him this he gave some explanations which I do not think I should repeat in the committee but which indicated quite clearly to me that he did not have any power to arrest anyone.

Mr. Fulton: Probably because we had not taken jurisdiction as we are under these amendments with respect to crimes committed on aircraft.

Mr. Pickersgill: It had nothing to do with crimes committed on aircraft.

Mr. Fulton: I think the situation there may have been one of, shall I say, neutral accommodation as to the particular circumstances under which Canada might seek under ordinary circumstances to exercise jurisdiction on this base. There is no question about the right of the Canadian parliament and Canadian law officers to act with respect to rights on Canadian soil.

Mr. Pickersgill: I do not wish to hold up the committee, but I wish the minister would look into the situation a little further because I do not think he is right.

Clause 2 and clause 3, as amended, agreed to.

Prisons and Reformatories Act

On clause 12—*Warrant of seizure.*

Mr. Fulton: Our discussion this afternoon was with regard to subclause 8, and particular reference was made to the designation of the court in the province of Quebec which would have jurisdiction over these proceedings *in rem.* I should like to express appreciation to hon. members opposite and to other hon. members from the province of Quebec because I think they have raised a point which is quite a valid one under the circumstances. I feel that the situation would be better taken care of if I were allowed to suggest the following amendment:

That subsection 8 of section 150a, as contained in clause 12 of Bill No. C-58, be amended by deleting the words "superior court" in line 17 on page 5 thereof, and by substituting therefor the words "court of the sessions of the peace or magistrate's court".

I would ask one of my colleagues to move accordingly.

Mr. Starr: I so move.

Mr. Crestohl: While I am in favour of the amendment, I wonder if the minister has before him the section of the Quebec statutes to which he referred earlier in the day to which an amendment was made conferring upon the superior court jurisdiction in criminal cases?

Mr. Fulton: No, Mr. Chairman, I do not have it before me. My advisers and I consulted it during the dinner recess and I find it was restricted to giving the Quebec superior court jurisdiction in appeals from summary convictions.

(Translation):

Mr. Fortin: Mr. Chairman, for the information of the hon. member for Cartier (Mr. Crestohl), this is an amendment passed last year and which may be found under section 193a, chapter 21 of the consolidated statutes of Quebec 1957-58. The amendment decrees that:

(Text):

The superior court shall have jurisdiction to hear appeals permitted by part 24 of the Criminal Code only.

Clause as amended agreed to.

Bill reported, read the third time and passed.

PRISONS AND REFORMATORIES ACT

AMENDMENTS RESPECTING TRANSFER OF OFFENDERS, ETC.

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. S-26 (from the Senate), to amend the Prisons and Reformatories Act.

He said: Mr. Speaker, perhaps I should explain briefly the purpose of this bill. It consists of two main provisions. The first authorizes the transfer from the province of New Brunswick to the province of Nova Scotia of female Catholic prisoners. The second provision authorizes the attorney general of Manitoba to direct by warrant the removal of a person from one institution in that province to another.

The first provision is made necessary because the convent in New Brunswick known as the Good Shepherd reformatory which formerly used to receive Catholic female prisoners has been closed. By agreement between the governments of New Brunswick and Nova Scotia it has been arranged that Catholic female prisoners in the province of New Brunswick may be transferred to and received by the appropriate reformatory convent in Halifax.

The second provision in the bill is placed before parliament by the government at the request of the attorney general of Manitoba in order to give the attorney general of that province the same authority as is enjoyed by attorneys general of several other provinces with respect to the movement of prisoners between provincial institutions.

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I have read the bill and consulted with my colleagues from New Brunswick. We are in agreement with the amendments placed before us this evening. I have not consulted with my colleagues from Manitoba—

Mr. Pickersgill: I agree.

Mr. Roberge: —but we do agree with the principle of the bill.

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to express in somewhat similar terms our endorsation of the principles outlined in the bill. Unfortunately we could not consult with our colleagues from Manitoba, New Brunswick, Nova Scotia or a few other provinces. However, we do wish to indicate general support for the provisions outlined in the bill.

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

Clauses 1 to 3, inclusive, agreed to.

On clause 4—*Transfer of offenders.*

Mr. Howard: Perhaps the minister might indicate whether this provision is in effect in respect of a number of provinces. I wonder whether he can indicate in which province this provision is in effect, or if it is shorter to do it the other way, indicate which provinces do not have this provision applying to them.

Mr. Fulton: I think the first way is the shorter way, Mr. Chairman. The same provision as is now provided in the bill is in effect with respect to the transfer of prisoners in Alberta and in British Columbia.

Mr. Howard: Is it normal to make such provision only at the request of the attorney general of the particular province which might want to have this arrangement apply?

Mr. Fulton: Yes, that is correct because, as I understand it, the present provision of the Prisons and Reformatories Act says that prisoners may be transferred between provincial institutions only by order in council of the provincial cabinet, and it is only where a province has requested that this provision be waived or amended so as to permit it by warrant of the attorney general or the director of institutions within the province that we have made the appropriate change. Unless we are requested by a province to make the change we leave the act stand as it is.

Mr. Howard: Perhaps this may be a bit outside the scope of this bill or of the act, but I am not familiar with that. Can the minister indicate whether advantage is taken under a provision such as this to transfer inmates from one jail to another within a province where such transfer is necessitated because of additional facilities or better facilities for rehabilitation or for training which might exist in one jail but do not in another?

Mr. Fulton: Mr. Chairman, we do not inquire too closely into the reasons why a province requests this; it is a matter of prison administration, and we are not prepared to insist that a province continue to pass orders in council authorizing the transfer of prisoners between provincial institutions. If the province wants relief from that provision, particularly in the light of the fact that prisoners may be transferred between federal institutions by order of the commissioner of penitentiaries, which does not require an order in council of the dominion government, we do not see any reason why it should require an order in council of the provincial government.

Mr. Howard: Perhaps I did not pose the question clearly. Does the minister know whether, under a provision such as this, if a province desires to transfer inmates from one jail or reformatory to another they can take advantage of this provision to make the transfer because of the training facilities which might be available in one institution but not in the one from which the transfer is made?

Mr. Fulton: Yes, they can take advantage of this provision for any reason whatever, as long as it is in the interests of the inmate concerned.

Clause agreed to.

Title agreed to.

Bill reported, read the third time by leave and passed.

MARITIME COAL PRODUCTION ASSISTANCE ACT

AMENDMENTS EXTENDING APPLICATION, INCREASING AMOUNTS OF LOAN, ETC.

Hon. Paul Comtois (Minister of Mines and Technical Surveys) moved the second reading of Bill No. C-68, to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited.

(Translation):

Mr. Armand Dumas (Villeneuve): Mr. Speaker, has the minister no comments to make at this stage?

(Text):

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, I have already stated the purposes of this legislation in the debate on the resolution. Certain questions were asked, however, that I would like to answer. The hon. member for Gloucester (Mr. Robichaud) referred to certain matters having to do with coal that are, perhaps, not strictly related to the legislation before the house. With your permission, Mr. Speaker, I will take this opportunity of advising the hon. member.

Reference was made to the application by the Dominion Coal Company for a loan in order to build a cleaning plant. This application was not made under the terms of the Maritime Coal Production Assistance Act which provides that the applicant must carry one-third of the cost of any project under the act. To grant the applications would have required special legislation and the dominion coal board, after a very thorough study, did not feel that they could recommend any such special consideration. If the company makes a further application under the terms of the legislation as it may be amended, their representations will be fully considered. If, also, they apply independently of this act, their revised proposals will be given careful study.

The hon. member also referred to the May statistics on coal production and imports. The statistics for a spring month are usually somewhat different from the annual. The drop in household consumption coincides with the opening of navigation on the lakes and the build-up of dock stocks of imported coal.

The decrease in production referred to by the hon. member was almost entirely in Nova Scotia.

There are ample supplies of Nova Scotia coal available on the Montreal docks for delivery to consumers. The enlarged assistance reported to the house by the Prime Minister (Mr. Diefenbaker) on March 17 will permit delivery of this coal at a price competitive with imported coal in Quebec and in a very wide area of Ontario. Orders on hand for delivery of Nova Scotia coal to Ontario in the fiscal year 1959-60 are some 650 per cent higher than in the year 1957-58.

The fact that the Nova Scotia mines operated on short time during May has been caused by the extraordinary build-up of stocks during the previous 18 months and the background for this condition was reported to the committee on lands, forests and mines during their examination of the estimates of the dominion coal board.

The increase in estimates for the month over those for May, 1958 is due in large measure to the necessity to build up the decreased inventories of industrial coal and particularly the greatly decreased stock piles of coking coal held by the large steel plants in Ontario. At the end of April this year these inventories were less than half those of the previous year or, indeed, of any normal year and provided protection for operations for only about one month. To permit full operation of these vital plants an increase in coal supply is essential. This condition has been brought before the house by my colleague the Minister of Transport (Mr. Hees) in his reports as to the priority through the canal of vessels carrying ore and other materials to these plants. This quality of coal is produced in limited quantity only in Nova Scotia and the available output is consumed in the steel plant in Sydney.

Finally, the hon. member referred to the projected study of the maritime coal situation. If this study is to be of real value I believe hon. members will agree that it is important to define and lay down terms of reference that will adequately define the area of investigation. Considerable study has been given to this by all concerned, and it is expected that the scope of the full scale investigation will soon be reviewed by the premier of Nova Scotia and the final organization agreed upon.

The hon. member for Timiskaming (Mr. Peters) referred to the possible co-ordination of this legislation with the national energy board or some other national planning board. This legislation amends an act that has been in existence for 10 years and this predates any formal investigation of energy. It extends this measure for a term of five years, within which period it will be possible to study the necessary methods of co-ordination between the national energy board and the long established dominion coal board. I can assure the hon. member that the subject of his remarks will be studied and held for consideration in the light of further developments.

Finally, the hon. member for Burnaby-Coquitlam (Mr. Regier) asked whether any specific requests for assistance had been received from individual operators in the western provinces. Since the existing legislation was limited to the maritime provinces, no specific requests were made. The possible extension to other areas has been discussed on several occasions by members of the dominion coal board with western operators, and with the operators' associations in western Canada. As a result of these discussions the board recommended the extension. Interest has been shown in this proposal by individual operators in the three western provinces and if the amendment is passed, I have no doubt that coal producers in Saskatchewan, Alberta and British Columbia will make renewed and intensive studies of their marketing and production plans with the intention of modernizing their operations with this proffered assistance.

(Translation):

Mr. Dumas: Mr. Speaker, the minister's remarks are most interesting. But when the legislation was submitted to this house last week at the resolution stage, the hon. member for Gloucester (Mr. Robichaud) expressed the official opposition's point of view and added that the government might count on our cooperation to facilitate the passing of this bill and have it sanctioned as soon as possible.

This act, dating back to 1949, has been added to a whole group of statutes passed under former governments to help the coal industry. The 1949 act became obsolete at the end of the year because, as from October 31, no other loans could be granted under this legislation. That is why this government thought it appropriate to prepare the amendments now before us so as to extend the act for a further five years, that is until 1964, to bring up to $20 million the aggregate principal which may be loaned while increasing also to $12 million the total principal of loans which may be granted to one producer, to extend its application to all producers in every part of Canada and, lastly, to authorize amendments of a loan convention with the Dominion Coal Company Limited.

According to the minister, this act has proved a real success, providing remarkable help to the operators of coal mines. As a matter of fact, the minister is perfectly right and what he says is indeed confirmed by comments found in the annual report of 1957-58 of the national coal board.

For instance, on page 14 of that report, in the chapter entitled "Progress of mechanization", we may read the following:

The mechanization of mines has at least helped to limit operation costs. Nova Scotia coal is expensive, but in view of the help offered in the form of subsidies not expensive to the extent of being unable to compete. If the mechanization program had not been started when it was begun, it might be quite possible that with the former methods operating costs would have brought the price of coal to a level which would have priced it out of all our present markets.

Further on in the same report, on page 28, we find the following paragraph:

As we mentioned elsewhere, the mechanization of Cape Breton mines has now reached the stage where a substantial increase in the productive potential was felt during the fiscal year 1957-1958. Among the mechanization highlights of the year, may we mention the addition of mechanical undercutters, loaders, diesel engines and mining vehicles.

The original mechanization program of Cape Breton mines included the building of a new central cleaning and washing plant. The steel required for the building of that plant has been ordered and part of it has been delivered. However, construction will be delayed, since there were not enough funds out of the loan authorized, to cover two-thirds of the cost of completion of the plant and installation of modern automatic cleaning equipment. The difference between the first estimation of the cost and the one made recently is mainly the result of the increase in labour, construction material and equipment costs.

If I mention that last paragraph, it is precisely to follow up the remarks that the minister added to those he made last week at the resolution stage, and thus reply to a question directed to him by the hon. member for Gloucester.

I believe it is most important that such a cleaning plant be installed as soon as possible. The minister added that perhaps the installation cost would exceed the amount which could be allocated to that company, that is the Dominion Coal Company, and that the latter might perhaps be obliged to come back before the dominion coal board to discuss the project with the officials of that division, and see whether it would not be proper, perhaps, to grant a special loan in order to allow the construction of that plant.

In some of the remarks which I will make later on, I will speak again about that project.

Now in the dominion coal board report, it is interesting to note that, with the exception of the Dominion Coal Company, whose loan is covered by a section of this bill, the principal has been reimbursed in accordance with contractual obligations.

Mr. Speaker, I say that the coal industry in Canada is still in a serious plight. I do not propose to repeat here what was said in the course of the debates last winter, or in the course of the debates of the 1958 session, but, just the same, that industry is important enough to warrant, from time to time, a review of its difficulties, that is to say a reconsideration of its difficulties, as well as a review of the possibilities of solving them.

The prospects for the coal industry appear bright enough in a slightly more distant future, and indications are that the industry's situation will improve through a considerable increase in the industrial use of coal. Also, the operation of thermal power plants will eventually open up important new markets.

The next decade promises to be a critical period for the coal industry. The provincial minister concerned in Nova Scotia has broadly described the position, and if we have raised the question in this house it is because it is imperative that every effort be made to try to maintain this industry in operation in the forthcoming years. I must say that the only means now available is to grant subsidies. It is a temporary remedy, but it will have to be continued in order to maintain at least the major mines in operation.

Now, Mr. Speaker, may I at this time express my views on this matter once again, and say what should be done to pull the coal industry out of its present predicament.

First, greater use of coal in the maritimes themselves should be encouraged by every possible means. That is where greater use of coal is to be expected in the future, and action must be taken so that residual petroleum products, which are threatening to replace coal, will not have an opportunity to do so.

Secondy, an effort should also be made in eastern Canada, in Newfoundland for instance, and in the province of Quebec, as well as in eastern Ontario.

Third, every possible effort should be made to increase sales of Nova Scotia coal in Ontario centres.

To achieve the above purposes, I think we should resort to the following means—and when I say we I mean coal producers, the federal government and the provincial governments as well. Progress should be made in the mechanization of mines, for the simple reason that if no attention is paid to mechanization, coal production not only will remain at its present level, but it will decrease, because production costs will be too high.

In 1958, at a meeting of the standing committee on mines, forests and waters, the chairman of the dominion coal board made the following statement:

> Machines must be installed, and if you will allow me time, I shall explain the matter in my own terms, without going into too many technical details. Otherwise, I shall yield the floor to Mr. Ignatieff who once a year, makes a survey of the progress achieved in the field of mechanization and developments. Incidentally, his report of last year is quite favourable, encouraging and accurate. Mechanization is achieved in a proportion of about two thirds, but its benefits are not up to two thirds of the value. It is the last third that will enable us to see if the aim has actually been reached. Perhaps I should illustrate my remarks by way of an example. At the present time 60 per cent mechanization will give a 50 per cent yield but 95 or 100 per cent mechanization should yield from 80 to 90 per cent. Therefore, the true increase of efficiency will depend on the next third of mechanization, which includes the coal-dressing apparatus as well as various other machines which have just been developed.

Mr. Speaker, that is how we realize that mechanization must be quickened as soon as possible to give a yield of at least 80 to 90 per cent.

Now, we should also improve the quality of coal—that is the producers should get organized to provide the consumers with a purer and better dressed product.

Moreover, if possible, we should facilitate and modernize the transportation and handling facilities of coal.

Mr. Speaker, this is a very important matter and I know that at this stage of the study of the bill, it may not be proper to insist on those points. However, I wanted to put my own point of view on record and, as the hon. member for Gloucester said last week, we are in favour of the adoption of this legislation and we hope that it will be approved as soon as possible.

We also hope that the companies concerned will come and submit their plans to the dominion coal board. Besides, I hope that those companies will mechanize their mines as quickly as possible. I hope that, through this bill, the government will make loans to those companies to enable them to speed up mechanization.

I am rather surprised to note that the amounts made available for mechanization are raised only to $20 million. I believe that it should have been brought up to $30 million. However, the hon. minister indicated to us that if the companies would come here and submit larger plans, the government would study them and that they would probably be favourably received. That attitude is encouraging, not only to the coal producers of Nova Scotia, but also to those whose living depends on that industry.

Therefore, Mr. Speaker, we support this bill and we hope that it will be used in the best possible way.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to make a few brief comments in connection with this bill. First of all, let me say that we support the principle of the bill as being a short and timid step in the right direction; and that direction is recognition by this government of the fact that the economic health and welfare of the coal industry is a national problem. We are pleased to note that that is indicated in the bill by the extension of the application of this act to all coal producers in Canada for the obtaining of assistance in the modernization of their plant, equipment, machinery processing and so on. But the bill itself has limited application even in that respect because the major concern of the coal companies in Canada at the present time is markets. While this bill will assist in more efficient production and possibly will lower costs in some respects, it does not provide the markets which are necessary in order to keep the mines operating.

I was greatly interested to hear the minister make reference to a study being undertaken in connection with the coal industry in Canada. We shall look forward with great interest to the result of that study.

I cannot deal with this subject without thinking of a small city in southeastern British Columbia which has suffered severely in recent years. It does not happen to be in my constituency; it is in Kootenay East. However, I am sure the hon. member for Kootenay East (Mr. McFarlane) would support my remarks in this respect. I refer to

the city of Fernie which has suffered severely in the last year or so because of the closing of a large coal mine which had been in operation there for over fifty years. From our point of view some of these companies show a lack of a sense of responsibility in view of the advantages they have enjoyed throughout the years as a result of their operations in Canada. Here is a company engaged in a successful operation and a profitable one.

The mine I am speaking of is very close to Fernie, and the workers for the most part live in Fernie and have done so for over 50 years. But it is completely United States owned. They have not closed the mine because they are losing money in the Crowsnest pass coal mines as a whole; they closed the Fernie mine because by so doing they will maintain their rate of profit. They can maintain their profit by keeping their other mine operating in the Crowsnest pass. There is no consideration for investment by the province or the municipality in the development of the city, public services, streets, hospitals, schools and all that sort of thing. There is no concern for the workers directly concerned. This coal mine was closed on, I think, about a week's notice, being given to the council of the city of Fernie after all these years of operation at a good rate of profit. I might also mention, Mr. Speaker, that this company has received very generous consideration throughout the years from the government of British Columbia.

It creates a situation, as it were overnight, where there is unemployment and a lowering of values of properties within the district because of lack of demand for houses, and need for certain facilities; it also entails a lowering of the value of investments on the part of the province, on the part of the municipality, and on the part of the workers concerned in connection with their homes.

It is the opinion of the members of this group, on behalf of whom I am speaking this evening, that it is not good enough in this age to allow companies to act in what we consider to be a completely irresponsible way so far as recognizing their responsibility to the province, the municipality and to the people directly concerned. What are we going to do about it?

In our opinion, we will never overcome this type of situation unless we have a national policy, first of all, with respect to the development of coal mining and the marketing of coal. That policy should develop as the result of co-operation with the provincial governments. I notice that there are very few questions nowadays concerning the development of natural resources where we find that, unless there is co-operation between the federal and provincial governments, it is very difficult to achieve any success or make any headway. That is essential, and it means that this government and the provincial governments concerned have to get their heads together and see what can be done. After that co-operation is established we need some planning with respect to the development of mines, the provision of markets and so on; we need a co-ordination of activities.

I think a great deal can be done in a democratic society if we do really make up our minds to tackle the problem. It is a serious question which will not be settled overnight, but if we get federal and provincial governments working together and co-operating with the coal owners, as well as the labour organizations which are directly responsible for the welfare of the workers, we should make progress in this respect. There is the question of markets and transportation costs, the distribution of any subsidies which might be required to place coal in distant markets, and so on. There are a lot of problems to be faced, and if they are going to be solved they must be faced at once.

We do urge that this government take the lead in seeking the co-operation of the provincial governments, and also take the lead in suggesting that both governments seek the advice and co-operation of the coal owners and labour organizations which represent the workers concerned. We are quite convinced that over a period of time, with the right spirit, there can be developed a national coal policy which will change this situation into one where the owners and the workers concerned will be at least assured of a measure of security and reasonable remuneration.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to thank the minister for the consideration he has given to this matter in bringing it in a national fuel policy act, and in that way recognizing the part coal has played as one of our forms of national energy. We would also like to thank the minister for the consideration which has been given particularly to the Dominion Coal Company in recognition of some of the problems which have developed in sales; and we would like to ask if the government has supplied technical advice to the Dominion Coal Company with regard to getting an extended loan for the installation of the wash plant which has been widely discussed. There was some discussion to the effect that this wash plant was not economically feasible a few years ago, and we are wondering if

the department has given any technical advice with regard to this matter and has cooperated with the company in looking into whether it is advantageous for the company to instal this wash plant at this time.

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

On clause 1.

(Translation):

Mr. Dumas: A few moments ago, the hon. minister answered a question which had been put to him the other day by the hon. member for Burnaby-Coquitlam (Mr. Regier) who had asked him whether the coal-producing concerns in Western Canada had applied for a loan or some loans under this legislation, and the hon. minister answered that the matter had been discussed. But his answer was rather vague and I wonder whether this question had been discussed with the western producers or whether it had been merely discussed with the dominion coal board?

Mr. Comtois: Mr. Chairman, western operators have rather frequent relations with the dominion coal board. One of the directors of the board is in Calgary and he very often meets with the officials of coal companies. His name is Mr. Whittaker. He is one of the directors of the board and one of the experts on coal production. He meets very often with the producers and his relations with them have enabled him to make the dominion coal board aware of the wishes, intentions and projects of the concerns which have expressed on many occasions their wish to take advantage of this act which had been passed solely for the maritime provinces. This enables us to draw the conclusion that as soon as the amended legislation is passed, we will receive applications for loans from western producers and from producers in various provinces.

There are some mining operators in the three western provinces who have indicated their intention to take advantage of the act when it is passed. Of course, the dominion coal board has not yet received any application because the legislation is not yet amended.

Mr. Dumas: Mr. Chairman, we are very happy—

Mr. Comtois: I cannot give any more detailed information. No official request was submitted to the dominion coal board.

Mr. Dumas: Mr. Chairman, I am very happy that the scope of the legislation has been broadened in order to enable producers in any part of this country to take advantage of it. But the western producers I hope will make their needs known to the dominion coal board and, in this way, we shall be able to speed up the mechanization of coal mines in this area.

(Text):

Mr. Tucker: I do not wish to prolong the discussion, but I rise to express the hope that the Dominion Coal Company which has received so much assistance from the federal government, will make a better effort in the future than it has done in the past to supply coal to the consumers of Newfoundland.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Coal producer.*

(Translation):

Mr. Dumas: We are also pleased to see that those amendments to the act provided an opportunity to say that this measure will now come under the jurisdiction of the Minister of Mines and Technical Surveys, since the dominion coal board comes under his department. It is therefore natural that the application of this measure should come under his administration.

(Text):

On clause 4—*Aggregate Amounts of Loans.*

(Translation):

Mr. Dumas: Mr. Chairman, referring to section 4, I said a few moments ago that, instead of an amount of $20 million, we would have preferred an amount of $30 million.

I find that, from 1949 to 1959, that is during the last ten years, there was an amount evaluated at $17 million spent for mechanization under that act. The government loaned about $10 million, or rather $9,998,000 dollars. That fund was exhausted, or almost so, two or three years ago.

I even think that those companies would have benefited from that legislation, if the dominion coal board had had the money in hand and could have said: "Yes, we have several million dollars at our disposal and if you submit your plans, we will help you in so far as we think that it is in the best interest of producers or of the coal industry.

I very much doubt that the additional amount of $10 million will be enough for that five year period; I am very much afraid that these $10 million will not be enough. However, I understand the minister may always come before parliament, and since members of parliament are very well disposed toward the coal industry—at least I hope so—he will be able to obtain perhaps additional amounts of money. I would deplore the fact that because no more than $10 million was considered, mechanization should be slowed down as a consequence. In my opinion, mechanization is the industry's only means of salvation.

Since we are on that point, I suggest that the coal producers should inform the population of the communities concerned of their projects, and if they have, at times, to hire fewer workers in certain coal mines, the population should be so informed, because what we want is the industry to keep producing, since it has been reported on many occasions that if a mine closes, it is very difficult to re-open it. So, it is very important, especially in Caape Breton, to maintain the mines in production.

Mr. Comtois: Mr. Chairman, I thank the hon. member for Villeneuve for his remarks and suggestions.

I must add this: perhaps $10 million is not a very large amount; on the other hand, loans requested by ordinary coal mining companies average between 500, 600 and 700 thousand dollars. The greatest demand has always been from the Dominion Coal Company. Now the loan application I have mentioned was originally for $7,500,000. That was the last application received during the year, and it was that application that was turned down by the dominion coal board because it was made on the basis of 100 per cent, whereas the act states that the borrower must provide or have an equity equal to at least a third of construction costs, or of the purchase price of the business. I wish to point out that the company was not refused that amount; rather, we asked the company to make a proposal which would be acceptable and in accordance with the requirements of the act. We have told them to invest 30 per cent or 33 per cent—that is, one-third—and that we would lend them the difference.

I believe that, with $10 million, and even if a loan of about $4 or $5 million were granted to the Dominion Coal Company, it would still leave $5 million with which to satisfy to a great extent the requests that we expect will be made to us.

I must also add, Mr. Chairman, that, as far as I know, since I have been a minister, the dominion coal board has turned down no request because of lack of funds. We have never turned down a request for a loan because of a lack of funds. The funds have been recently used up by the Avon Company of New Brunswick and even then, we still had $2,000 left at that time.

It often happens that requests made to the dominion coal board cannot be accepted because they do not comply with the requirements or because the proposal, as it is put, is not acceptable to the dominion coal board which feels, for instance, that it is exaggerated or out of proportion with the capital, the production and the market that the company can hope to have.

Mr. Dumas: Mr. Chairman, I thank the minister for giving this information to the committee. I am surprised that such a substantial request was made by the company and I hope it will revise its proposal in order to comply with the terms of the act. It is very important that this cleaning plant be built.

Now, I also read in the paper that a New Brunswick company, the D.W. & R.A. Mills Ltd., proposes to apply to the dominion coal board under this act for an amount of $2 million. I believe the company will have to devote 33 per cent of that amount to the purchase of a power shovel. Therefore an amount of $1,500,000 will be loaned to this company. The Dominion Coal Company will be asking for about $5,000,000 if they decide to carry out their project. Thus, there will be left a balance of $3,500,000 that could be used by western producers who will apply for loans under the legislation we are now considering. However, I do not wish to delay the adoption of this bill and, if the minister deems it advisable to come back before parliament, I hope that all hon. members will gladly approve the additional amount he may ask for.

(Text):

Mr. Regier: Is the minister now able to inform me about the matter I inquired into the other day. Which of the provinces asked for this amendment to the act? Was it British Columbia, Alberta, Saskatchewan or Manitoba? Which province asked for it and which mining concerns are involved in each of the provinces.

Mr. Comtois: If the hon. member had been here when I made my statement a few moments ago he would have heard my answer. He will have to read it in *Hansard* tomorrow. I am not going to repeat it. I gave the answer to that question in the opening discussion on the bill. Unfortunately the hon. member was not here. If he insists on my repeating it, I will, but he will find it in *Hansard* tomorrow if he wants to read the debate.

Mr. Regier: I am very surprised that the minister is as reluctant as all that to repeat an answer that could only occupy a moment of his time.

Mr. Comtois: There is no reluctance on my part at all. I have already made my statement once. If the hon. member was not here it is not my fault.

Mr. Regier: I am sorry, Mr. Chairman, but I must repeat that it would occupy only one minute of the time of the committee if the minister were to reply concerning which of the western provinces asked for this amendment to the act.

Mr. Comtois: I am not going to be a bad boy. I can tell the hon. member that I gave the answer to the committee this evening. We have never received any formal application from the western provinces. In a general way they mentioned their intention and desire to take advantage of the act and their desire to see an amendment passed by the house. According to the desire they expressed, here we are with an amendment to the act. This desire was expressed by coal producers from the three western provinces, British Columbia, Saskatchewan and Alberta.

Mr. Regier: I fail to understand the minister's answer. He says he has heard no expression of opinion from the western provinces but concludes his remark by saying that he has had demands from each of the three western provinces. That is incomprehensible.

Mr. Comtois: Mr. Chairman, I said that we never received any formal application or official application. Discussions were held and representations were made to one of the directors of the dominion coal board, Mr. Whittaker, of Calgary. These reports were transferred from the coal board. That is how we know that in the three provinces there will be some applicants seeking to take advantage of this act.

Mr. Regier: I have heard a number of announcements made by the Minister of Northern Affairs and National Resources in regard to the future of the coal mining industry in Canada. May I ask the minister at this time how the amendments he is offering in this bill will affect the coal mining industry in Fernie, British Columbia?

Mr. Comtois: If the company wishes to improve its operations or increase the mechanization of its equipment it has only to make application to the board for a loan and the application will be considered.

Mr. Regier: That is a most inadequate answer. The minister knows full well that this company which was the most important coal mining industry in that part of the province is now defunct. The minister reveals a remarkable lack of knowledge of the coal mining enterprises in western Canada. At this I should like to ask if there is any area in western Canada from which he has had any expression of hope that the bill would be of any assistance at all either in Alberta, Saskatchewan or British Columbia. He has now indicated that it will mean nothing in Fernie.

The Deputy Chairman: Shall clause 4 carry?

Mr. Regier: No, Mr. Chairman. I hope the minister, as a minister, will be able to indicate at least one mine in all of western Canada that is hoping to gain anything as a result of the legislation now before us.

Mr. Comtois: My advisers tell me that the facts are that the Crowsnest pass coal company had two mines, one at Fernie and one at Michel. They decided to close the Fernie mine and concentrate their operations at Michel. That was their decision and we cannot interfere in their decision unless they want to reopen the Fernie mine and make an application to the board for a loan so that they can finance their new operation. That is all I can say at the present time until we receive an application and full details from the company.

Mr. Regier: I do not want to misinterpret what the minister has said but he has indicated that as far as Fernie is concerned the amendment he is now offering means nothing.

Mr. Speakman: Nonsense.

Mr. Regier: As far as Michel is concerned, he said it may mean something.

Some hon. Members: No.

Mr. Regier: The minister has not given any evidence at all that anyone in the whole of Canada is going to benefit from this legislation or has even asked for it. Unless the minister is able to offer some evidence that other areas outside of the maritimes have asked for the extension of the benefits of this legislation and unless other areas are able or willing to benefit, all of this is a bunch of hooey—

Some hon. Members: Oh, oh.

Mr. Regier: —and a smokescreen. I will repeat that statement. This amounts only to a smokescreen unless the minister is able—

Some hon. Members: Oh, oh.

Mr. Regier: A lot of hon. members are saying, "oh". May I repeat; if at least one mine can be cited by the minister that is going to continue in operation, and if one mine will indicate that it is willing to continue in operation, we are prepared to support this legislation. However, unless the minister is able to indicate that one mine has asked for

this and that one mine will be helped thereby, I see little use in this amendment.

Mr. Benidickson: I am not too concerned about whether or not a private industry asks for anything. I am more concerned about whether or not when the state advances a subsidy it will have an advantageous application in all sections of the country. I was interested in the argument of the hon. member for Burnaby-Coquitlam and I wonder whether the minister has an illustration comparing the advantages under this legislation with, say, a mine in the western territory vis-à-vis the maritime points. Could we just compare the two to indicate what the results might be?

Mr. Comtois: Mr. Chairman, as an example, suppose a coal operator in the west obtains a market in Japan, for instance, and in order to produce the coal to meet the requirements from Japan he wants to improve his equipment. Then he will apply to the dominion coal board for a loan. His case will be examined, discussed and studied. If the application is worth while and his request for a loan is sound and apt to be of some profit to the borrower, well, in that case the loan will be granted and everything will go through.

Of course, there is a difference between a loan and a subsidy. The hon. member for Kenora-Rainy River seems to mix up the question of subsidy with special loans. It is a totally different thing.

Mr. Benidickson: Will the minister assure us he has the feeling that this formula he proposes to the house is apt to help in the western Alberta and British Columbia regions in a similar way as it will help the maritimes?

Mr. Comtois: I think so, Mr. Chairman.

Mr. Benidickson: Is he able to be more specific in his illustrations?

Mr. Comtois: Nobody can tell until we have an application at least from a company.

Mr. Regier: Mr. Chairman, I understand that the Minister of Northern Affairs and National Resources assured the people of Alberta very recently that there was a new deal afoot, and that the coal miners and the operators of the coal mines had something to expect; that there would be something forthcoming at the present session of parliament. I now realize that the Minister of Mines and Technical Surveys has nothing new to offer. He is simply amending the act to extend it to all areas of the nation, and yet the mining operators of British Columbia, Alberta or Saskatchewan have not asked for the benefits. The minister is unable to cite any instance at all where those mining operators have asked to be included under the benefits of the act, and yet he is asking us to agree to amend the act. I imagine that he and his government are going to attempt to tell the people of the nation that they have now extended the benefits of this act, which used to apply only in the maritimes, to the whole of the nation. The minister has not yet offered one iota of evidence that this legislation has been asked for, or that it will be used by any of the mining operators in the three western provinces, or that it is actually going to be of any use at all. I ask the minister to explain why this house ought to pass this legislation at this time.

Mr. Starr: The hon. member was not here when he explained it.

Mr. Peters: Mr. Chairman, the amendment appears to be justified to the extent that the dominion coal board and the committee have now seen fit to recommend $4,500,000 for a new washing plant for the Dominion Coal Company. It is my understanding that this matter was raised on previous occasions in the dominion coal board and it was felt at that time that this particular plant was not economically justified.

The question has been raised, what is it going to do for other areas? There are other sections of the coal industry that are in the same difficulty. There is the problem of the remodernization of equipment of all the coal mines in Canada. Many of them are faced with the serious problem of loss of markets, increased costs of production and decreased sales. Particularly in view of the fact that United States production of export coal has increased by large amounts, is the $6,500,000 that we have put in sufficient to modernize other companies that are finding it necessary to modernize to compete not only with the United States exports but with the Dominion Coal Company.

The minister was asked a fair and reasonable question in regard to the matter in British Columbia because a good example is the A. V. Roe Company which owns a major part of the coal industry in Canada. They have a large plant in the maritimes and they have been willing to close one particular plant in British Columbia to allow another one of their own operations to exist. I think we should be assured that the $6,500,000 is going to be enough to modernize the other mines in Canada along with the $4,500,000 and the allowances that this bill makes. I have no objection to that at all. I think this bill is necessary. If we are going to pass this amendment to take care only of some of the problems of the Dominion Coal Company, then I think there is no need to change the name or to give the impression

that this is a very important bill. We must be assured that there is enough money.

I think it is absolutely necessary for the minister and his department to supply the facilities of his department in technical research and whatever is involved in the technical part of the department so that assistance can be given to many of the operators who are now finding it impossible to continue operations. This is true in Alberta and in Saskatchewan and it certainly is true in British Columbia, and it is proved by the fact that a number of the mines are closed down. I think we would still like an answer to some of these questions, so may I call it ten o'clock, Mr. Chairman?

Mr. Pickersgill: I wonder if we could not complete this bill tonight? We would be quite prepared to go ahead.

Mr. Regier: May I say that if the minister will indicate how, in any little way, this will help British Columbia, Alberta or Saskatchewan, we might be prepared to let this go.

Mr. Benidickson: That is the very question I raised, and I associate myself with the hon. member for Burnaby-Coquitlam. I think we all want to co-operate in this respect.

Mr. Comtois: Mr. Chairman, it is not very easy to tell in advance what may happen in three, four or five years. Representations have been made to the dominion coal board by different companies in the west, and at the same time we have this application from the Dominion Coal Company. The board has calculated that the amount of $10 million would meet the applications we expect in the next few years, maybe one, two, three or five years at the most. We cannot foresee events and give the details of what might happen next year or the year after.

We are presenting a bill for $10 million. This application of the Dominion Coal Company has not been decided. We know this is the maximum that can be granted, and that is all we can say at the present time. Who can tell what the situation will be in so far as coal is concerned within the next year or two? We are doing whatever is possible. The dominion coal board is studying the whole case. They have their officials looking over the matter in the western provinces and in the maritime provinces. We are doing our best. We ask for $10 million additional and will try to meet the requirements at the present time.

May I say that the committee should be satisfied with the explanation I am giving. I am very frank with the committee in giving this, and very sincere.

Mr. Benidickson: The minister is referring to a regional problem. Certainly we are all very sympathetic to this problem. The minister, I am sure, would be willing to make it known to the committee that if a similar situation existed elsewhere on a specific basis he would use his best offices to do as he has done in this case and provide some assistance for that situation.

Mr. Comtois: That is exactly what we intend to do.

Mr. Regier: May I say this: The minister has asked for money under this amendment, and while we are not averse to that if this will help the coal mining enterprises in the maritimes, at the same time he is making a pretense that this will help the coal mining enterprises all over the Dominion of Canada. He has not yet presented any evidence whatever that this will help the coal mining enterprises in British Columbia, Alberta or Saskatchewan. Therefore, may I call it ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder if the house leader can give us any new or added business for tomorrow?

Mr. Green: Tomorrow, we shall commence with this debate and then take item No. 9, the second reading of the crop insurance measure; item No. 10, second reading of the farm credit measure; then, items Nos. 3 and 8—

Mr. Benidickson: What is No. 3?

Mr. Green:—having to do with agreements between the governments of New Brunswick and Nova Scotia and the government of Canada; then, item No. 12, the resolution approving the convention on the nationality of married women; item No. 14 dealing with the international wheat agreement, and item No. 5, the amendment to the Public Lands Grants Act.

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

HOUSE OF COMMONS

Tuesday, July 7, 1959

The house met at 11 a.m.

BANKING AND COMMERCE

Fifth report of standing committee on banking and commerce—Mr. Cathers.

ROYAL VISIT

STATEMENT ON WELCOME TO HER MAJESTY IN CHICAGO

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I would like to say a word or two with regard to the events yesterday in Chicago. That city and the state of Illinois accorded to Her Majesty the Queen and Prince Philip a welcome which was certainly unequalled in my experience. It was one that typifies the relationship between the commonwealth and the United States in which Canada has a particular interest.

The warmth of the reception and the scope of the welcome accorded Her Majesty and the prince was an unforgettable experience and enduring evidence, I believe, not only of the esteem in which the Queen is held but also of that regard, important as it is, which the people of the United States showed yesterday they have for the necessity for and the preservation of unity in freedom as between the United States and the commonwealth.

I want to say one word more, if I may, of thanks and appreciation to the mayor of the city of Chicago and the governor of the state of Illinois and those associated with them for the outstanding arrangements which were made in order to make yesterday a day of historic significance.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I once had the privilege of living in Chicago in the days when Big Bill Thompson was the mayor of that great city, and when I suspect a visit from the King or the Queen of England might not have been received so enthusiastically as yesterday's visit was. It is encouraging to learn from the Prime Minister that all the vigour and vitality of that great city was directed to giving the Queen of Canada and Prince Philip such a warm welcome. I am sure it was appreciated by the Queen and the prince, and that they had good cause to realize that Chicago is not only warm in its welcome, but also that it is a city of art galleries and symphony orchestras as well as stockyards.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the members of the C.C.F. group are very pleased at the tremendous tribute given to the Queen and Prince Philip by the people of the city of Chicago. We agree with the Prime Minister that it was a tribute to the person who occupies the position of Queen of Canada and to Prince Philip. It was also a tribute to the very good relations between Canada and the United States, and to the esteem that we feel is held for Canadians and for Canada in the great and friendly nation to the south.

BUSINESS OF THE HOUSE

COMBINES ACT AMENDMENT—REQUEST FOR LEAVE TO WITHDRAW LEGISLATION

Hon. E. D. Fulton (Minister of Justice): I should like to make a statement with respect to the government's proposals regarding Bill No. C-59, about which inquiries have been made from time to time by the Leader of the Opposition and others.

Bill C-59 was designed to accomplish two main purposes; first, to clarify and improve the law relating to combinations, mergers and monopolies; and second, to enact three provisions for the protection of small business and consumers against unfair practices, including misleading advertising.

Since the introduction of the bill we have received representations from businessmen and trade associations that the measure should be deferred until they have had an opportunity to study it more thoroughly and make representations with respect to the combines and merger provisions. In a matter of this kind it is of particular importance that all interests have every reasonable opportunity to make their submissions.

We have therefore decided that the proper course is to proceed with those parts of the bill which relate to the problems of small business, because we believe them to be urgent and because there have not been the requests for opportunities for further representations in this connection that there have been in connection with the other matter; and to defer until next session the provisions relating to combinations, mergers and monopolies and the other incidental provisions of the bill. The provisions we propose to

proceed with, if the house agrees, are the enactment of the three provisions relating particularly to small business, including the section on misleading advertising. It will also be necessary to introduce a fourth provision dealing with the situation in the fishing industry in British Columbia.

A statement of evidence has been submitted by the director under the combines act to the restrictive trade practices commission and to various fish packing companies, associations and individuals, alleging that certain agreements and activities relating to the supply of raw fish by the fishermen to the companies are illegal. As a result of the doubt thereby cast upon the legality of such agreements and activities the companies have declined to negotiate prices with the fishermen's union, as they have done in past years, and it appears that a strike may result which could lead to the loss of the salmon catch and perhaps other catches of fish.

There is a provision in the anti-combines legislation to the effect that nothing therein shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees, and it will, I believe, be argued by the fishermen that they come within the protection of this provision. If, however, it should turn out, as a result of the inquiry, that the agreements dealt with therein are in whole or in part illegal, it may be that the report will disclose a situation with which we shall have to take steps to deal in a definitive manner, but it is not possible to do so now.

Meanwhile it is essential that all reasonable steps be taken to prevent the loss of the salmon and other catches, and I shall therefore propose a clause in the new bill to the effect that the anti-combines legislation shall not apply to arrangements between fishermen or associations of fishermen in British Columbia, and persons or associations of persons engaged in the buying or processing of fish in British Columbia, relating to the prices, remuneration or other conditions under which fish shall be caught and supplied, between the 1st day of January, 1959 and December 31, 1960. By the latter date it is hoped that the remaining steps in the inquiry will have been concluded and a report will have been made by the restrictive trade practices commission so that we may be able to assess what, if any, further action should be taken to dispose finally of the situation.

I have spoken to the Leader of the Opposition and to the leader of the C.C.F. party about this matter, and in accordance with those discussions, and for the reasons I have outlined, I would request the unanimous consent of the house to drop the order for second reading of Bill C-59 in order that I may introduce a new bill containing only the three provisions in the present bill which I have mentioned and the new provision regarding the fishing situation in British Columbia.

[Mr. Fulton.]

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we are glad on our part to give the proposal the consent that is required. We think the decision of the government to withdraw Bill No. C-59 at this time is a wise one, in that it will give those organizations and persons particularly concerned in these important measures an opportunity to appear before a committee next year and make their views known.

It is clear from what the minister has said that the bill which he proposes to introduce, while more limited, is still very important. We still think on this side that that bill should be sent to a committee for the same purpose I have mentioned in connection with the larger one.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with a knowledge of all the circumstances, and particularly in view of the importance of this measure and its application to the province of British Columbia, we readily agree to the proposal to withdraw the bill as was suggested by the minister. This withdrawal will considerably shorten the session, because we had a number of well documented, well prepared and critical speeches to make on the bill. We think the withdrawal is a sensible measure in the light of all the circumstances. It will provide an opportunity for representations from various groups interested in and concerned about this problem, and will provide an opportunity for further consideration by the government.

We hope, as the leader of the official opposition said, that it will be possible to refer the bill to a committee at another session. With respect to the new amendment suggested by the minister in his closing remarks, we think under all the circumstances, and particularly as we come from British Columbia, that it is a most sensible arrangement.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising on a point of order arising out of the repeated use by the hon. member for Kootenay West of the phrase "leader of the official opposition". There is no such person, Mr. Speaker. There is a Leader of the Opposition, known to the constitution.

Mr. Herridge: Mr. Speaker, on the point of order, I was chastised by the leader of the official opposition the other day for making that kind of reference.

Mr. Pearson: No, the hon. member was not. Mr. Speaker, my only comment on the point of order is that a rose by any other name would smell as sweet.

Mr. Speaker: Is it the unanimous wish of the house that order No. 6 on today's order paper be discharged and that Bill No. C-59 be withdrawn?

Some hon. Members: Agreed.

Order discharged and bill withdrawn.

CANADIAN BROADCASTING CORPORATION

ANNOUNCEMENT OF GRANTING OF LEAVE TO VICE PRESIDENT

Hon. J. M. Macdonnell (Acting Minister of National Revenue): Mr. Speaker, in the unavoidable absence of the Minister of National Revenue he asked me to read this statement.

I am advised by the C.B.C. that Mr. R. L. Dunsmore, speaking for the C.B.C. board of directors, said today that the executive committee of the board had met in Montreal over the week end and had granted leave for a period of up to two months to the corporation's vice president, Mr. E. L. Bushnell.

Members of the committee who attended the special meeting were Mr. R. L. Dunsmore, Mrs. Kate Aitken and Mr. Raymond Dupuis. Other members of the executive committee are C.B.C. president Alphonse Ouimet and Mr. Bushnell. Mr. Bushnell, who has been acting president of the corporation for the past six months, is now on leave.

Mr. Dunsmore also announced an emergency measure taken by the executive committee in naming a management committee to carry on C.B.C. operations in the absence of the president and vice president. The corporation president, Alphonse Ouimet, who underwent surgery three weeks ago, is expected to return to his desk within the next two to four weeks.

The management committee, composed of senior head office officials, will be under the chairmanship of Colonel R. P. Landry, assistant to the president. Other members of the committee are Marcel Carter, controller of management, planning and personnel; Charles Jennings, controller of broadcasting; James P. Gilmore, controller of operations; Max Henderson, comptroller; W. G. Richardson, director of engineering; R. C. Fraser, director of public relations.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR REPORT ON PROGRESS OF CURRENT MEETINGS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): In the absence of the Minister of Finance I wonder whether I may ask the Prime Minister if he has anything to report on the progress of the federal-provincial conference, and if as yet any decision has been made as to whether a formal federal-provincial conference with all the premiers in attendance may be held later this year.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows the Minister of Finance is unavoidably absent today attending the meeting that is taking place. I think the answer to this and other similar questions might well await his return.

FIRES

PICTOU, N.S.—REQUEST FOR IMMEDIATE REPLACEMENT OF FACILITIES DESTROYED

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Is the minister aware of the disastrous fire which yesterday swept the waterfront at Pictou, Nova Scotia, and destroyed the main piers and freight sheds? If so, would the minister have his officials investigate the matter of replacing the structures and facilities, so important to the life and economy of this historic town, in the shortest possible time?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I am very grateful to the hon. member for giving me notice of his question. An official of the Department of Public Works is already in Pictou, and we hope to get a report from him shortly.

GRAIN

INQUIRY AS TO REPORT ON ALLOCATION OF BOX CARS

On the orders of the day:

Mr. G. R. Muir (Lisgar): Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce, notice of which I have given him. Is the minister now prepared to make a statement arising out of the recommendations in the Bracken commission report on box car allocation?

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Speaker, I thank the hon. member for giving me notice of his question. I hope to make a statement in the house within the next few days, as I promised I would before the commencement of the new crop year, dealing with the recommendations of the Bracken inquiry into the box car situation. The announcement will advise the public generally of the arrangements for the distribution of box cars that will become operative at the commencement of the new crop year. It will indicate some change from

the procedure that has been in effect for a number of years, and we will see during the course of the coming crop year how effective the new arrangements may be.

I will be prepared to receive representations from all concerned, if there are any suitable modifications required. The distribution of box cars for the movement of our western grain is a continuing problem, and we are ready and willing to do everything within reason to make it work as effectively as possible.

Mr. Hazen Argue (Assiniboia): Since the minister has given us a preview of the formal announcement, I wonder if he could say whether the main basis for the distribution of box cars will be on individual elevator purchases in a recent period at the marketing points, or whether it will be based on some elective form by which farmers themselves can indicate to which elevator or elevators they wish to deliver their grain.

Mr. Churchill: Mr. Speaker, the announcement which I propose to make in the near future will give the answer to the hon. member's question.

WHEAT—INQUIRY AS TO DEFICIENCY PAYMENT

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether the government proposes to take any action before the end of the session with regard to the recommendations as to a deficiency payment made by the second or supplementary delegation of western farmers who were in Ottawa a few weeks ago.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, some ten days ago the hon. gentleman asked me if I would make a statement as to the tenor of the legislation to be introduced, and whether there would be any additional legislation introduced over and above those to which reference has already been made. Before the termination of the session and at the earliest possible date a general indication in that regard will be given which will, of course, include the answer to the question just asked by the hon. gentleman.

WHEAT—REQUEST FOR INCREASED QUOTAS IN PEACE RIVER AREA

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the Minister of Trade and Commerce if he would inquire to see if it is possible to increase the initial grain quotas in respect of the ensuing crop year at those delivery points in the Peace River area where severe crop losses were sustained during the last two years as a result of adverse weather conditions.

Hon. Gordon Churchill (Minister of Trade and Commerce): In reply to the hon. member, who drew this matter to my attention yesterday, may I say that I will communicate with the wheat board, draw it to their attention and ask for their sympathetic consideration of what is a problem of particular importance to the Peace River country. I think they will give the same consideration to this request that they gave this year to the request from the northeastern portion of Saskatchewan, where tough and damp grain had to be moved in somewhat of a hurry. This is a point well taken, and I will draw it to the attention of the board.

ST. LAWRENCE SEAWAY

STATEMENT ON REPORTED U.S. LEGISLATION RESPECTING STUDY OF DE-ICING

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Yesterday the hon. member for Assiniboia referred to a press report regarding a bill introduced in the United States Senate by Senator Wiley which would provide for a major study of de-icing on the St. Lawrence seaway.

I am advised that the St. Lawrence seaway authority has no information on this matter other than the press report referred to, and has not been approached.

SHIPPING

LAKE HURON—STATEMENT ON INQUIRY AS TO SINKING OF S. S. "MONROVIA"

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Port Arthur inquired as to whether the department had a representative at the U.S. coastguard hearing into the collision between the *Monrovia* and the *Royaltor*.

I am advised that the department had a representative present at the hearing as an observer, and that in due course we will be receiving a copy of the proceedings.

INQUIRY FOR RETURNS

LIST OF ORDERS OF THE HOUSE STILL OUTSTANDING

On the orders of the day:

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, with reference to the inquiry of the hon. member for Bonavista-Twillingate concerning outstanding orders for returns, I have had a list prepared showing the outstanding orders. If it is agreeable

to the hon. gentleman I shall table it forthwith rather than take the time of the house to read it. These orders will be complied with as soon as the information reaches me from the various departments concerned.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether the minister would be agreeable to having the list made an appendix to today's *Hansard* for the convenience of members.

Mr. Courtemanche: I agree.

Mr. Speaker: Is the house agreeable to the proposal that the list be made an appendix to today's *Hansard*?

Some hon. Members: Agreed.

[*For list referred to above, see appendix*].

HEALTH INSURANCE

QUEBEC—INQUIRY AS TO INTENTION TO PARTICIPATE

On the orders of the day:

Mr. Maurice Bourget (Levis): I should like to direct a question to the Minister of National Health and Welfare. Now that the province of Quebec, through its minister of welfare, has signed an agreement under the 1956 federal Unemployment Assistance Act, can the minister inform the house if the Quebec government will soon be willing to share in the hospital insurance plan? If the minister has no information at the moment, is it his intention to take advantage of the presence in Ottawa of the premier of Quebec to work out something toward that end?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I think the hon. member's question might well be answered by the proverb that one swallow does not make a summer, but hope springs eternal and one swallow helps.

PRINCE EDWARD ISLAND—INQUIRY AS TO INTENTION TO PARTICIPATE

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of National Health and Welfare if he can give reasons why the federal government did not accept the proposal for participation in the hospital insurance program offered by the province of Prince Edward Island?

Hon. J. W. Monteith (Minister of National Health and Welfare): The hon. member seems to be very ill informed. The agreement has been decided upon between the province of Prince Edward Island and the federal government, and we propose to sign this agreement within a very few days.

Mr. Martin (Essex East): Is the minister not aware of the fact that if I was uninformed, it was because of actions taken by the minister himself during the end of last week?

HEALTH AND WELFARE

SUGGESTED BANNING OF USE OF POLYETHYLENE LAUNDRY BAGS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to pose a question to the Minister of National Health and Welfare. Unfortunately I did not have the opportunity to send him notice but perhaps he can take this as notice. Will the minister advise the house what steps his department is taking or is able to take with respect to banning the use of polyethylene or thin plastic bags which are used extensively by dry cleaning firms and others, and which have caused the death by suffocation of more than 40 children in the United States and Canada?

Hon. J. W. Monteith (Minister of National Health and Welfare): I will look into the matter but I am not sure that my department has any jurisdiction in this regard. I certainly believe that the risks involved should be publicized as widely as possible. I also noticed in this morning's newspapers that tragedy had struck again in the Toronto area and, as I say, I shall certainly look into the matter.

MONTREAL—STATEMENT ON REPORTED OPENING OF U.S. PUBLIC HEALTH STATION

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, yesterday the hon. member for Kootenay West asked me a question relating to the establishment of an additional quarantine inspection point near Montreal being used jointly by Canadian and U.S. authorities. My department had felt this station was necessary to take care of all vessels bound for the seaway rather than at Montreal, and as a gesture of courtesy the U.S. staff were invited to occupy offices in the same building.

This offer was accepted, with agreement between my officers and those of the U.S. public health service that the anchorage off Longue Pointe would be used as a common inspection point for all vessels. Those vessels bound for United States ports after leaving the seaway would be examined and cleared by the United States staff, while those bound for Canadian ports would be cleared by Canadian staff. Thus all vessels would be assured of further passage through the seaway without delay for this purpose.

Inquiries of the Ministry

The only occasion when a Canadian citizen might receive an examination from a United States official would be if he happened to be a passenger or crew member of a vessel first calling at a U.S. port on leaving the seaway. In this case, of course, he would receive exactly the same treatment as though he were on a vessel proceeding direct to, say, the port of New York.

This practice of close co-operation between Canadian and United States quarantine staffs is an arrangement of long standing that has resulted in vastly increased convenience to all forms of cross-border traffic. It is similar to methods in the immigration and customs services—on cross-border trains, for example—and quite often entails operations of officers from locations in the neighbouring country rather than their own.

(Translation):

EXTERNAL AFFAIRS

INQUIRY AS TO APPOINTMENT OF AMBASSADOR TO VATICAN

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to direct a question to the Solicitor General. In view of the promises he made in 1957 and 1958 that an ambassador would be appointed to the Vatican, I wish to ask him if the government intends to appoint one before the end of this session?

Hon. Leon Balcer (Solicitor General): Mr. Speaker, this a matter of general policy which is a responsibility of the cabinet.

(Text):

POST OFFICE DEPARTMENT

JOE BATTS ARM, NFLD.—REPORTED LIGHTNING DAMAGE TO BUILDING

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Postmaster General whether he is aware of the fact that the post office at Joe Batts Arm was struck by lightning. If so, can he advise the house whether any serious damage was done?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, I was not aware of that fact but undoubtedly the Minister of Public Works, who is responsible for that building, would be aware of it.

Mr. Pickersgill: Has the Minister of Public Works any light on the subject?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I can only add that it is a great misfortune that the hon. member for Bonavista-Twillingate was not in the post office at the time.

[Mr. Monteith (Perth).]

AGRICULTURE

EGGS AND HOGS—INQUIRY AS TO BASIS FOR PRICE SUPPORT POLICY

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. My question is this. Can the minister say whether, following the policy he has announced to limit the support price of eggs and hogs to certain quantities per farm unit of production, he has determined whether it is necessary to introduce an amendment to the Agricultural Stabilization Act? Does the minister not feel that any limitation is in fact a reduction of the mandatory and legislative guarantees under the act?

Hon. D. S. Harkness (Minister of Agriculture): In reply to the latter part of the question, Mr. Speaker, the answer is no. I have had a decision of the justice department that it is within the powers of the stabilization board and the government under the act as it stands to introduce the type of deficiency payment support price which I have indicated would be done in the case of hogs and eggs.

Mr. Argue: I would ask the minister how he can withdraw a part of the mandatory provision of this act, which was passed by parliament, as he intends to do.

Mr. Speaker: Order. It has not been the practice of the house to ask legal opinions at this time, or to engage in argument about legal interpretations.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask a supplementary question. Did I understand the Minister of Agriculture to say that he had consulted the law officers of the crown with regard to the course he had taken? When I say "law officers of the crown" what I mean is this. Did he consult the Minister of Justice or the deputy minister of justice?

Mr. Harkness: Yes, Mr. Speaker; as I said, I have a written opinion from the deputy minister of justice in regard to this matter.

MARITIME COAL PRODUCTION ASSISTANCE ACT

AMENDMENTS EXTENDING APPLICATION, INCREASING AMOUNTS OF LOANS, ETC.

The house resumed, from Monday, July 6, consideration in committee of Bill No. C-68, to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited—Mr. Comtois—Mr. Sevigny in the chair.

Clauses 4 and 5 agreed to.

On clause 6—*1958, c. 36.*

(Translation):

Mr. Dumas: Mr. Chairman, we favour the amendment to section 6 of Bill C-8 tending to relieve the company of the obligation to make refunds during or in respect of the period commencing on the 1st day of July, 1957 and ending on the 31st day of December, 1962. This means, in fact, that the company will have up to June 30, 1963.

May I simply say that we hope that the companies concerned will realize that parliament is being very generous with them and that they will of their own accord, do whatever is necessary to accelerate their mechanization program.

(Text):

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CROP INSURANCE

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCIAL SCHEMES

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill No. C-66, to provide for contributions and loans to the provinces in respect of crop insurance.

He said: When this bill was at the resolution stage, a good deal of the opposition comment on it was to the effect that it should be referred for study to a committee of the house or to a federal-provincial conference. Over a period of many years crop insurance has been studied by various governments, commissions, committees and other bodies of individuals. Nearly all these stressed the need for crop insurance, though few indicated the kind of program which should be implemented. A further study would not produce any greater practical results, in my opinion, and of course would certainly delay passage of this bill and make it impossible for the bill to be put through at this session of parliament.

Some question was raised by the hon. member for Essex East as to whether there was any necessity to put the bill through at this session. This matter of crop insurance has been hanging fire for some 20-odd years, and it is a fact that at least one province has indicated that it wants at the session of the provincial legislature which is now going on to put through a crop insurance bill. Therefore I think there is necessity and urgency to get this bill through this session.

Actually, Mr. Speaker, I think what is needed as far as crop insurance is concerned is some definite experience. There have been, as I have said, numerous studies, but we in Canada have no actual experience as far as crop insurance is concerned. I think what is essential is a certain amount of experience in connection with the matter, and then a further study on the basis of that experience with perhaps subsequent changes in the plan as the result of the experience we obtain. But in the meantime I think it is essential to get the bill passed by the house, and an opportunity will be created to put actual schemes of insurance into effect.

Another criticism which was made by hon. members of the opposition and by some people outside the house is that the dominion government should pay a higher percentage of the premiums, a greater percentage of the cost of crop insurance. In that connection the hon. member for Essex East, according to a newspaper report in the *Leader Post* of June 30, had this to say:

> On the premium shares, Mr. Martin did not see how the individual farmers could be expected to bear any more than 40 per cent of the premium cost.

Apparently he is taking the position that the dominion government and the provincial government should pay 60 per cent of the cost, I would like to compare that statement with the opinion of the most important Liberal newspaper in western Canada, the Winnipeg *Free Press*. They wrote an editorial in connection with crop insurance on July 2, and in this editorial they said:

> There can be little quarrel with the idea of the senior government acting as a guarantor against the crop insurance fund of any province being broken by abnormally heavy drains.

They were talking about the loan provision in the bill, of course. The article goes on:

> But the wisdom of the federal government being more involved financially is open to question. Certainly the payment of half of the administration costs and one-fifth of premium costs will be interpreted by many people as another government handout to the farmer.

The Winnipeg *Free Press* knows a great deal more about agriculture, I think, than the hon. member for Essex East, with all respect to him. In other words they think we are paying too much in the proposal we are putting forward of 50 per cent of the administration costs and 20 per cent of the premiums, rather than paying far too little, as the hon. member for Essex East and other hon. members have indicated.

In connection with the general question of the premium rate, we do not know what the premium rates will be in the various provinces. That is up to them to decide, and of course they will be quite variable from province to province and from one area of a province to another area of a province. The Saskatchewan royal commission which investigated crop insurance did make a considerable number of calculations, and for a

coverage of 60 per cent, with indemnities paid on the basis of individual farmers, they indicated that the premium rate would be 7.3 per cent on the average yield in the low risk Regina area, 11 per cent in the medium risk Hanley-Davidson area, and 12.8 per cent in the high risk Swift Current-Shaunavon region.

I should point out that the dominion government will be paying 20 per cent of this premium cost under the provisions of this bill; but when you compare what will be the cost of this all-risk insurance to farmers with what it is presently costing them for hail insurance alone, it gives a very favourable picture. Hail insurance rates, of course, vary considerably from one area to another. As far as my own farming operations are concerned I pay 14 per cent; that is the premium rate as far as hail insurance is concerned. Other areas in Alberta go up, I believe, to as high as 16 per cent and go down, I think, to a low of 8 per cent. In any event, in the whole area around Calgary and quite a considerable area of Alberta the rates range anywhere from 10 to 16 per cent.

This scheme envisages premiums which are considerably less than farmers are paying at this time for hail insurance only, and this is insurance covering all risks. Certainly it is a little difficult for me to understand the complaints that the premiums are going to be too high. A very large number of farmers at the present time are paying hail insurance premiums which are considerably higher than these premiums to get coverage against one risk only, and they are not to my knowledge making too much complaint about it.

Mr. Argue: Might I ask the minister a question at this point? Has he any figures which would show in any given year the percentage of farmers who in fact have hail insurance? Is it not a very small percentage?

Mr. Harkness: I have not those figures, Mr. Speaker. In some areas the number of farmers who take out hail insurance is quite high; in other areas it is quite low. Nevertheless, a considerable number of people do take out hail insurance. The Alberta hail insurance board, which is an emanation of the provincial government there, handles quite a big volume of hail insurance. So much for the matter of the possible size of the premiums, which as I say is only guesswork. Anything in connection with the size of the premiums is very largely guesswork. All we have to go on in that regard are the calculations made on the basis of what long term yields have been in various parts of various provinces.

Another criticism which was made, particularly by the hon. member for Kenora-Rainy River as well as by the hon. member for Assiniboia, was that no province would be prepared to come into this scheme. The hon. member for Kenora-Rainy River said it was mere window dressing, that no province would come into it, and so on. Mr. Speaker, all I can say in that connection is that the province of Manitoba has already indicated that it will come into the scheme. In a news item in the Winnipeg *Free Press* of June 30 the following statement appears:

> The Manitoba government will "definitely go ahead" with its proposed crop insurance program now that the federal government's offer has been made public, Hon. Errick Willis, acting agriculture minister, said Tuesday.
>
> At the same time Premier Duff Roblin said he had not yet examined the federal legislation and he did not know how the Ottawa proposals would "harmonize" with the provincial plan.
>
> Mr. Willis said the government has still to examine the federal legislation but "from what I've seen in the paper it would appear to be satisfactory."

Mr. Speaker, that is an immediate refutation of the contention made by hon. members opposite that the provinces would not be prepared to go ahead with this plan.

Mr. Martin (Essex East): Manitoba was going ahead with it anyhow.

Mr. Harkness: Yes, they had announced that they would go ahead with the crop insurance plan. But every province has known ever since the start of this session that we were going to introduce a crop insurance plan, and they also knew there would be assistance as far as their own crop insurance plans were concerned from legislation which we would pass. Of course they made those statements that they were going to introduce crop insurance plans because they knew we were going to do so; it had been announced in the speech from the throne.

Mr. Argue: Did the minister have any consultations with Mr. Willis or any other minister of the Manitoba government?

Mr. Harkness: Yes, I have had some discussions with Hon. Errick Willis in connection with the whole matter of crop insurance.

Mr. Argue: And he agreed with your plan?

Mr. Harkness: I did not put the plan up in detail. As I said before, we had several discussions on the cost, the means of implementing it and so on.

Mr. Argue: Did the minister have similar conversations with other ministers of provincial governments, for instance in Saskatchewan?

Mr. Harkness: Not since the last dominion-provincial conference.

Mr. Argue: No discussions on this program at all?

Mr. Harkness: No. So much for that point. As a matter of fact I have a press release here in which the minister of agriculture for Prince Edward Island says he does not believe the island farmers would be interested in a federal crop insurance plan. He goes on to say, however, that if sufficient numbers show an interest in the scheme the provincial department will be willing to develop plans to meet the need.

Mr. Benidickson: Was that within the last week?

Mr. Harkness: Yes, it was in the Charlottetown *Guardian* of July 2, after this plan had been announced.

There is another point I should like to make. There has been a considerable amount of misrepresentation in connection with this crop insurance plan, and I refer particularly to an article which appeared in the Regina *Leader Post* of June 30 written by a Mr. Robert Moon, who is in the press gallery here. This article is headed "Prairie Farm Assistance Cancelled" and it begins:

> Ottawa—Cancellation of the prairie farm assistance emerged as the surprise package in the new federal government crop insurance proposals announced Monday afternoon in the Commons.

This is, of course, completely incorrect. I am sure this article must have given a great deal of concern which should not have been given to farmers in western Canada, particularly in Saskatchewan. The Prairie Farm Assistance Act has not been cancelled, there is no intention of it being cancelled, and I made that abundantly clear when we were at the resolution stage. How anybody who listened to or read that debate could have written an article of this kind I find it difficult to understand.

Mr. Argue: You just cancelled the benefits.

Mr. Harkness: I have found in the past that Mr. Moon has had great difficulty in understanding much of this farm legislation, but I find it extraordinarily difficult to comprehend how he could have written an article of that kind in view of the fact that I made it perfectly clear that the Prairie Farm Assistance Act was being continued and that any farmer who wished to continue to receive the benefits of that act would be able to do so.

Those are a few points on which I thought I should comment. The need and desirability of crop insurance are indicated by the large number of representations which have been made. Representations for crop insurance have been made by provinces, farm organizations, and associations of rural municipalities. Nearly all of these called for crop insurance schemes involving federal-provincial co-operation.

Proposed Crop Insurance

Many members are familiar with the extreme variations in crop yields throughout the country and with the difficulties that crop failures impose on farmers, on communities and on the nation. Weather hazards including drought, excessive moisture, frost and hail have caused most of the damage. Other factors such as insects and disease have taken their toll. In looking at the yields of various crops across the country it is found that yields are frequently less than one half of the long term average yield. Between 1921 and 1956 in Manitoba, seven of 14 crop districts have had wheat yields below 50 per cent of the average. One crop district had four such years. In Saskatchewan all crop districts have had wheat yields below 50 per cent of the average during this period, and one crop district had 10 such years. In Alberta 11 of the 16 crop districts have had wheat yields below 50 per cent of the long term average. One crop district had seven such years, another six and another five. The variation in oats and barley yields in the prairie provinces has been somewhat similar. In addition, many individual farmers have had crop failures when the average yield for the crop district has been high. Another indication of the frequency of crop failure in the prairie provinces is the number of awards made under the Prairie Farm Assistance Act. More than one million awards to farmers have been made since the program was started in 1939.

In British Columbia, although yield records for such a long period were not available, there have also been crop failures. The main crops experiencing failure were apples, cherries and peaches. In eastern Canada the variations in crop yields are less than in the prairie provinces but farmers occasionally experienced failures in crops such as tobacco, soybeans, sugar beets, apples and potatoes.

Crop failures are disastrous to farmers and their families because they find it difficult, if not impossible, to maintain a reasonable level of living until they are able to harvest the next crop. Also, farmers are not able to carry on their farming operations in an efficient manner if they have not the means to do so. Crop failures are felt in the community because business activity declines. Crop failures have their effect on the nation, too, since the demand for farm equipment and supplies declines with the resultant effect upon employment, business and trade. It is therefore considered to be in the interests of the nation as well as in the interests of farmers that crop insurance schemes be implemented.

The present insurance facilities are limited. The main program which provides assistance in the event of crop failures is the Prairie

Farm Assistance Act. Under this program payments of up to $2 per acre—$4 on one-half of the cultivated acreage—are made to farmers in areas of crop failure. The maximum payment to a farmer is $800. About one half of the funds paid to farmers has been collected from farmers in the form of a 1 per cent levy on sales of grain. Although recent amendments have greatly improved the kind of assistance available under the Prairie Farm Assistance Act, it does not meet the needs of a national and comprehensive crop insurance program.

The Prairie Farm Assistance Act was designed for the prairie provinces and primarily for grain production. Its provisions would not be applicable to other crops in other parts of the country. Also, the limited amount of assistance available under that scheme, the fact that it does not deal with individual cases of crop failure, and the fact that it has certain other inequities mean that it does not have the advantages of crop insurance schemes even in the prairie provinces.

The other main kind of insurance available to some farmers is hail insurance. Hail insurance is generally available in the prairie provinces and in some other parts of the country. Hail insurance, however, does not cover the crop losses experienced by farmers from many other causes.

There are several reasons why the present bill is a measure to assist provinces in operating crop insurance programs. Most representations have requested that the crop insurance scheme be one involving both the federal and provincial governments. Farmers in all provinces probably do not want crop insurance at this time. This act would permit each province to decide whether or not crop insurance would be offered to farmers in their own province. Provincial governments are in a better position to establish the kind of scheme which is best suited to the particular conditions existing in their own provinces. There is a wide variety of crops grown in the country, a wide variety of farming methods and differences of viewpoint as to the kind of insurance schemes which would be most effective. Provincial governments would be in a better position to assess these and to implement the kind of program best suited to those conditions.

Some people, some organizations, and perhaps some provinces consider that a crop insurance scheme has to be compulsory in order to be most effective. The federal government has not the authority to impose compulsory crop insurance schemes on farmers. For these reasons the bill provides for assistance to provinces which undertake to implement crop insurance programs.

[Mr. Harkness.]

The question of the amount and kind of assistance has received careful consideration. It is considered that some assistance is necessary in order to make a crop insurance program available to farmers. Up to the present time no assistance has been available and no provincial government nor any other agency has offered a comprehensive crop insurance program. In the United States assistance has been available to the extent of administration costs. After 20 years of operation only about 27 per cent of eligible wheat producers carry crop insurance. In order to encourage a more rapid participation, a greater amount of assistance than is offered under the United States program is proposed in this bill.

Mention might be made of the Unemployment Insurance Act which provides incomes to workers whose source of income has been cut off through circumstances beyond their control. It is in the interests of the workers, the community and the nation that workers have this income in periods when their ordinary source of income is cut off. The federal government makes a contribution to this program by way of paying administration costs and part of the premiums. Similarly in farming, when crops are lost through no fault of the farmer, and his income is lost, it is desirable to have some means of providing farmers with a source of income. As in the case of unemployment insurance it is considered appropriate that there should be federal contributions to the program. It is estimated that the contributions for crop insurance outlined in this bill would be about the same proportion of the total expenditure under the program as in the case of the unemployment insurance program.

This bill follows the principle adopted in the case of hospital insurance, where the federal government makes contributions to the cost of hospital services and leaves the administration of the program to the various provinces. The provinces are free to adapt the program to their own circumstances and desires. They are free to make financial contributions to the program or to charge the insured all of the premium and administration costs not paid by the federal government. In the case of the hospital insurance program each of the provinces pays a different amount from its consolidated revenue fund into the program. They are free to do the same in the crop insurance program.

One of the points emphasized in many studies of crop insurance in Canada and in

representations on the matter is that provincial governments do not have the financial resources required to back an insurance scheme in case of a severe crop failure or a series of crop failures. This problem is solved in the present bill by the federal government providing loans to provinces to meet indemnity commitments. Provinces would be required to provide all the amounts needed up to $200,000. On any amounts above $200,000 the federal government would loan 75 per cent. It is not unreasonable to consider that provinces could meet these commitments.

This bill calls for an agreement to be signed between the federal government and a provincial government which enters the scheme. The agreement would set out the provisions of the crop insurance scheme to be implemented. Among other things it would limit the insurance coverage to 60 per cent of the average yield in the area. Although the limit of coverage in the United States crop insurance plan is 75 per cent, most insurance coverage is less than this. The Saskatchewan royal commission study on crop insurance stated:

> Coverage at 100 per cent—or even 75 per cent—of the long term average yield was found to require premiums above this level—

Ten per cent of the average yield is the level to which reference is made. I continue:

> —for the majority of farms. It can be concluded, therefore, that crop insurance offering a high level of coverage is too costly to most Saskatchewan farmers.

The agreement provides, too, that any insurance scheme put into effect will, in so far as is possible to determine, be actuarially sound. Nothing could damage the cause of insurance more than to find, after the scheme had been in effect for a number of years, that the premium rates were inadequate.

Regarding the duration of the agreement, as far as the federal government is concerned the agreement stands for at least ten years. After the expiration of five years the federal government could if it wished terminate the agreement with five years' notice. It is not possible to indicate at this time the details of how crop insurance will work, since there are different ways in which various provinces might implement a crop insurance program. It may be helpful to show how a crop insurance scheme might work, and I underline the word "might".

We will take a hypothetical example, that of Mr. John Smith, farmer, at Simpson, Saskatchewan. This is in the central part of the province. If we assume he is an average farmer in rural municipality No. 281, he will have about 265 acres of wheat.

Mr. Benidickson: I am not acquainted with that particular point. The minister will be well aware that the Saskatchewan royal commission indicated that there were three main areas in Saskatchewan, the high risk area, the medium risk area and the moderate or low risk area. In which area is this particular point?

Mr. Harkness: This point would be in the medium to low risk area. It think it is fairly typical.

In the spring Mr. Smith decides to insure his wheat and signs a contract with the provincial crop insurance agency. The long term (1925 to 1956) average yield in the municipality is about 14 bushels per acre. I think the hon. member for Assiniboia will agree that this is fairly typical. He can insure 60 per cent of this, that is 8.4 bushels per acre. If in the past years, 1925-1956, the farmer had the same crop yield experience as the average for the municipality, he would have collected crop insurance payments in 8 out of the 32 years. The range in payments for crop failure would have been from $170 to about $1,750. He would collect the $1,750 in a year like 1937 when there was virtually a complete crop failure. In a year like 1949 he would have collected nearly $1,500. Over the whole period he would have collected $5,600 in payments and would have paid about $4,500 in premiums. The federal government would have paid $1,100 in premiums on his behalf. The total premiums would have amounted to nearly 5 per cent of the average yield.

However, since even in years in which the average yield for the municipality is more than 60 per cent (or 8.4 bushels per acre) of the long term average yield, some farmers would have less than 60 per cent and would therefore collect insurance. The premiums and indemnities will, therefore, greatly exceed any calculation based on the average for the municipality. The Saskatchewan royal commission estimated that the premiums in this area would be about 11 per cent of the average yield.

Mr. Benidickson: What does that represent?

Mr. Harkness: Eleven per cent would be the premium rate.

Mr. Benidickson: But it is 60 per cent of the average yield?

Mr. Harkness: Sixty per cent is the maximum coverage. That is the coverage the Saskatchewan royal commission was talking about in its calculations also. If provincial governments decided to pay part of the

premium costs the farmers' share would be reduced accordingly. In this example it was assumed that the administrative costs of the program were shared equally by the provincial and federal governments. Under this bill the provinces may, if they wish, collect from insured farmers an amount sufficient to cover 50 per cent of administration costs; that is, those administration costs not paid by the federal government.

Taking a particular year for example, say 1960, this farmer would be insured up to 8.4 bushels per acre on his wheat. It may turn out that he would harvest a crop of only 3 bushels per acre. He would receive the difference between the insured amount of 8.4 bushels and the actual yield of 3 bushels, in other words 5.4 bushels per acre. That is what he would be paid for. On 265 acres this would amount to 1,431 bushels which, at a price of $1.25 per bushel, would amount to nearly $1,800. This, of course, is higher than the $1,750 mentioned previously for the crop failure year of 1937 because the price of wheat was lower in 1937.

It is evident, therefore, that a crop insurance plan of this kind will provide farmers with a stability of income which they have never had before. Because this stability is there in bad years, their living standards will not suffer so drastically as in the past, and their investment in the farm business will be protected. Also, with this security, credit facilities will be more readily available. All these things will work to the good of the farmer, his community and the nation as a whole.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, as the minister indicated, when he said he would be brief at the resolution stage, he has given some more elucidation and detail as to the possible effects of this legislation. Like the minister, before dealing with some of the remarks I previously had in mind to make this morning, I should like to deal with one or two of the statements the minister made before he picked up his text and gave us his formal statement.

I found that his first remarks were most disappointing. I think it is absolutely necessary that a new principle of federal participation of this kind should receive committee study. I hope that in the course of the debate we shall be able to persuade the minister to alter what seems to be a decision he has made in this respect.

On this point I want to remind the minister that when the present Prime Minister was in opposition, and the Prairie Farm Assistance Act was under debate in 1957, he had this to say as reported at page 1473 of *Hansard*:

> The question of crop insurance is one that requires a great deal of investigation. If one reads the report of the Saskatchewan commission on rural questions and the report of the Manitoba royal commission one has some idea of the immensity of the problem and all the difficulties inherent in introducing in our country legislation analogous to that in the United States. While I realize—

This is appropriate to the situation we are in at the moment. I continue to quote the Prime Minister:

> While I realize that this parliament is now rapidly approaching its end and it is only a matter of a few weeks before it will cease to exist, even now the committee on agriculture might be convened in order to hear representations, consider recommendations and come to a general decision on this very important matter.

I think this is very appropriate to the circumstances that are before us at the present time. I shall have more to say on the matter later on.

I felt also, when in the informal, off the cuff remarks of the minister he referred to hail insurance, with the possibility of premiums related to indemnity of the scale of 10 per cent to 16 per cent, that it was scarcely a proper analogy with respect to what we have before us now, which is an all-risk proposition. Naturally the premiums with respect to an all-risk policy would be considerably different from insuring for hail alone.

Mr. Harkness: They would be much higher.

Mr. Benidickson: We think that on an all-risk basis they certainly would be higher.

Mr. Harkness: My point is that the premiums will be lower than the present hail insurance.

Mr. Argue: That is a wild statement, and it is possible to prove it false.

Mr. Benidickson: In addition to that, the minister was unable to tell us just what proportion of farmers was actually insured against hail. It is very small indeed, and that is the difficulty before us with respect to crop insurance. If crop insurance is to be on a voluntary basis—and the minister indicates that that is his intention—

Mr. Harkness: Excuse me; it is entirely up to the provinces. The provinces can make it compulsory or they can have it voluntary.

Mr. Benidickson: In any event, if this is on a voluntary basis—and the minister did make reference at the resolution stage to this being a voluntary scheme—the number of people who would subscribe, if rates go beyond the 10 per cent that the minister quoted from the Saskatchewan commission, is very few indeed and perhaps nobody. As the Saskatchewan report says on page 98, no one would likely take crop insurance on a voluntary basis

if the premium rate in relation to indemnities which might be paid would be something over 10 per cent.

The minister also made reference to the proposal he has before us and compared it with the present crop insurance scheme in the United States. He did not tell the whole story. He indicated that this was a more generous scheme than that. Unlike the United States, this proposal contemplates a federal contribution of 20 per cent to the premium itself, but in the United States 100 per cent of the administrative costs which, in relation to premiums and indemnities is calculated to be 25 per cent, is paid by the United States federal government. They pay it all.

Mr. Harkness: No, they do not.

Mr. Benidickson: Well, I shall certainly be able to quote to the minister from both the Manitoba royal commission and the Saskatchewan royal commission that that is so.

Mr. Harkness: I recommend that the hon. member read the United States act.

Mr. Benidickson: As the minister says, we have had experts study this problem in western Canada on several occasions. The minister says their study was so thorough and adequate he does not think we as a parliamentary group should even have another look at it. These people felt that 100 per cent of the administrative costs were paid by the federal government of the United States.

Mr. Harkness: That may have been the case when some of the studies the hon. member is referring to were made, but it is not the case now.

Mr. Benidickson: Well, the minister may be able to give me details as to what has happened since. As recently as 1956 we had a report of a royal commission. But in addition to that—and this is what I am concerned about in the minister's proposals—the United States government, while it wanted the plan to be self-supporting, as the minister indicates he wants this plan to be—actuarially sound, he says—did something that has not been done here, at least not in the bill, and I think it gives us all grave concern. That is the fact that no reserve fund is being established. Before the scheme was launched in the United States the federal government provided $100 million in capital. Eighty-two per cent of that capital has actually been used. On a long term basis it is quite possible, however sound the scheme may be, that one would have a situation in the early years where the premiums were not adequate to meet the liabilities under the insurance plan. So 82 per cent of $100 million had been contributed by the federal government in the United States up to the time covered in the report of the Saskatchewan royal commission, and nothing of that nature is provided here.

That is one of the things that I think discourage the provinces from embarking on this kind of risk. There is no question in any section of the house, I believe, about the desirability and need for a good, sound crop insurance scheme. I do not think the need has been worded in any better terms than in the opening phrases of the report of the Manitoba commission, made in 1955. With relation to the economic problem the commission said:

> Risk and uncertainty characterize the farm economy. The relationship between farm prices and farm costs varies widely and, at the present time, the trend of these two factors would appear to be placing farmers in an increasingly disadvantageous position. . . . A conjunction of low yields and low prices, such as occurred in the 30's, places an individual farmer in a position in which he is unable to contend with the physical and economic factors affecting his business.

I also think the farmers' union of Manitoba put the problem in excellent form. I quote from a report of their annual meeting in January, 1957, as follows:

> The Manitoba farmers' union said that the cost-price squeeze on the average farmer, combined with the natural hazards of crop production such as frost, hail, drought and insects, make it imperative that a comprehensive crop insurance program be instituted without delay. The brief urged against establishing a preliminary insurance program in a test area—

Although that was the recommendation of the Saskatchewan commission.

> —"because this would only delay for several years the ultimate objective." It said a test area would not be a proper guide unless it were big enough "and we respectfully suggest the whole province would not be too large."

I think that is important, too. The minister has not helped us very much, having regard to the debate we had at the resolution stage on June 29, by reporting to us anything concrete from the provinces. He indicated that there had been general discussion with the provinces at several conferences, but it seemed that this matter was certainly on the sidelines of the agendas of those conferences. He said he felt that it would be an affront to parliament if he had indicated to the provinces the broad terms he had in mind with respect to crop insurance prior to informing the house.

I certainly do not think that is a valid argument when the initiation of the scheme depends entirely upon provincial interest and eagerness, and it seems to me that to bring in a proposal which the minister says has not been discussed with the provinces, even though their backing is of the essence, makes this a very vague, indefinite and worrying proposition indeed.

Proposed Crop Insurance

I also noted quite a difference in the minister's evaluation of this bill as compared with another bill he introduced on the same day having to do with farm credit legislation. He described the latter as one of the most important bills ever to come before the Canadian parliament. He made no such statement with respect to this bill, and that impresses me with the suggestion we have advanced, that perhaps few if any of our provincial governments are likely to find this proposition adequate. When I use the word "adequate" I think that perhaps represents the difference between the policy of the government and that of the Liberal party which was announced at their national convention in January, 1958. The phrase, "adequate financial support from the federal government" was the key part of the Liberal resolution. It was indicated that the Liberal party did support a crop insurance scheme in co-operation with the provinces, and it was also advocated that P.F.A.A. be extended nationally. But the bill means nothing if its terms are not sufficiently attractive to bring in on a national basis not only a comprehensive scheme but most of the provinces of Canada, and I still have very grave doubts that the terms of the bill will be very encouraging to the provinces in this respect.

The minister indicated that there had already been some suggestion that even during this session the province of Manitoba might accept the proposition and introduce a bill. I have very grave doubts about that. I think that was a pretty quick reply. The provincial minister of agriculture actually admitted in the interview that he had not read the bill. But I base my suggestion that they will have a second look at the matter on some of the warnings that were given to the province by the provincial royal commission in 1955. I should like to read a few excerpts which I think will indicate to the house that no government would incur the kind of risks involved in crop insurance without a pretty thorough rather than a casual appreciation of what is involved. On page 76 of the Manitoba commission report I find the following:

> A member of the Manitoba crop insurance commission interviewed the manager and other top executives of the F.C.I.C. in Washington, D.C., during the course of this investigation. It was found that these people were unanimous in the view that an area the size of Manitoba, which grows predominantly small grains, subject to similar hazards, would run grave risks in establishing a crop insurance program. They felt there would be a dangerous geographic and crop variety concentration of risks. "No one area can stand alone"—

Another person interviewed in the United States organization is quoted as saying:

> In my judgment it would be foolhardy for Manitoba to set up a crop insurance program alone.

[Mr. Benidickson.]

> There should, theoretically, be some prospect of making it work if all of Canada was in it, but in a state or province there simply would not be enough spreading of risks.

In addition, in the conclusions of the Manitoba royal commission found on page 83 of their report we find the following:

> It is not realistic to suppose that a crop insurance program started in a period of good crop years, and limited to Manitoba, would build up the needed reserves. Experience with the United States program has demonstrated that even in periods of high average yield, in small grains areas, heavy indemnity demands are made against the assets of a program. The constant drain against premium assets in an all-risk program successfully frustrates the building up of the enormous reserves in good years that would be required to carry a program over a period of low yield years.
>
> Crop insurance modelled on the F.C.I.C. program (the only operating crop insurance program on the continent) instituted and underwritten by the farmers and government of the province of Manitoba, will not resolve the problem of the instability of farm income. In the event of a series of crop experiences such as have previously occurred in this province, there is no apparently available body of assets or resources substantial enough to maintain a crop insurance program, either voluntary or compulsory, in a solvent state.

I think the minister of agriculture in Manitoba and the provincial treasurer, who is himself the premier, will have a fairly good look at this report. This theme that no one province could go it alone, that it must be on a national basis spreading the risk, is very prominent in all the royal commission reports in the prairie provinces. The Alberta report in 1935 said this:

> The Alberta committee said that financial obligations involved and the difficulties of putting a satisfactory crop insurance scheme into operation were subsequently considered too great for any one province to undertake, and, accordingly, the matter was left in abeyance.

In Saskatchewan we had on June 29 a statement as to the need for federal-provincial responsibility, and that the ultimate risk in their view would have to be on the part of the federal government. Even our federal authorities under Mr. Hanson made a report some time ago. He stressed the fact that crop insurance was not practical without a substantial federal responsibility.

I am greatly disappointed, as I said, that the minister—momentarily, I hope—has fixed his mind against the possibility of having this new and important bill investigated by a committee of this house. I point out to him that this legislation runs contrary to the recommendations that were made to the cabinet when they met the major farm organizations in February of this year. The interprovincial farm union on February 16, 1959 said:

> We hope that farm organizations will be given an opportunity to study and make recommendations on any proposed plan before it reaches the floor of the house.

It has reached the house but I am sure they would still want an opportunity to make their views known. I suggest to the minister that a refusal to hear these farm organizations and get their views after the terms of the bill are made known is inconsistent with the practice we have followed when major matters of this kind are introduced. For instance, I contrast this procedure with what was done with respect to farm credit legislation. The minister will recall that when amendments were made to the Canadian Farm Loan Act in 1956 we had before us representatives of all the major farm organizations. They were before the parliamentary committee. That procedure was followed again even with respect to minor amendments in 1958. In addition to that, in the case of farm credit we have all had extensive and recent briefs from these organizations. However, that is not true with respect to the matter of crop insurance. The Canadian Federation of Agriculture also met the members of the government early this year, on February 12, and this is what they said:

> We heartily approve and endorse the government's intention to introduce a national program of crop insurance. We believe that an all-risk plan should be made available involving federal and provincial government, as well as producer, participation.

But this is the point.

> We further request that in setting up such schemes farm organizations be consulted.

I think it would be an extremely perilous policy to force through this important bill without taking the opportunity of hearing not only these organizations but some of the experts in the provinces, because the provinces are the key to the implementation of anything resulting from this legislation.

I think the Minister of Agriculture has been reasonably fair and modest in outlining the hopes and expectations entertained for this legislation, but I am quite confident that we obtained from the minister of northern affairs on June 29 a fairly good idea of what is going to be said across the land with respect to this untried and unfamiliar legislation. As reported at page 5235 of *Hansard* the minister of northern affairs said this was another promise made to the people and another promise kept. If this is not something that is going to be accepted by a substantial number of provinces, it is certainly an empty gesture indeed. I think we should know whether or not the terms in the bill are adequate to bring in a substantial number of the people to whom the minister referred.

I want just to read some of the comments that we are going to hear frequently and not only from the minister of northern affairs who is fairly good at making exaggerated statements. This is the kind of comment we are going to hear. I am quoting from page 5235 of *Hansard*:

> All the way through this report—

He was referring to the Saskatchewan report.

> —you sense a great need of people living in a drought area for help in the form of an insurance scheme to guard against some of the risk due to weather. Those people who know something about farming in the dry land areas of the United States and Canada know the great hardships that were suffered by the people in the 30's when there was no such thing as a crop insurance program to provide some help. As a group of people in Canada we were forced to accept relief from the rest of the people of this country. That relief was given in a very generous and Christian fashion but it did something to many of our people that some of us will never forget. That is why there are many in the house today, not the least of whom is the Prime Minister, who led a group of us who said that if we ever had anything to do with running the affairs of the country we would make a tremendous effort to set up some scheme whereby the farmers of western Canada and any other area that needed help could have it on a self-supporting basis so that men's feelings and integrity would be left whole. Therefore this crop insurance legislation is to some of us the fulfilment of a dream long before us.

He emphasized the need of people in drought areas. Mr. Speaker, all the evidence before the royal commissions indicated that these particular people would be excluded from any crop insurance scheme if it was to be actuarially sound, something which the Minister of Agriculture has been emphasizing. I should just like to establish that point by one or two quotations. Let us look at recommendation No. 28 of the Saskatchewan report. They say that in two out of the three areas in Saskatchewan it is not expected that 60 per cent insurance could be provided at premium rates which the farmers could afford to pay. Therefore they would continue to depend on P.F.A.A., the legislation which, from the remarks of the minister of northern affairs, on a relief basis he says this bill will eliminate.

Mr. Hamilton (Qu'Appelle): The P.F.A.A. will still be there.

Mr. Benidickson: Of course the P.F.A.A. will still be there, but my point is this. From reading this eloquence of the minister of northern affairs—which I am sure is typical of the speeches he is making in Saskatchewan—one would judge that a majority of the farmers in Saskatchewan are going to find this legislation more attractive than the P.F.A.A. The report itself says—

Mr. Hamilton (Qu'Appelle): That is the actual case. The majority of farmers in Saskatchewan want this.

Mr. Benidickson: The minister made that point. He quoted from the public hearings referred to in the Saskatchewan report. I assume the minister knows that certainly when there were public hearings, farmers said they would like to have a scheme of crop insurance, and both commissions reported that no representations from farmers indicated that they had any appreciation of the ratio of possible premiums to the benefits they would expect to receive to make an act worth while. In both reports it is very clear indeed that while there was wishful thinking, those interviewed in the public hearings certainly confessed that they could not afford the rates which, if this scheme is to be actuarially sound, would have to be favoured.

I was pleased to read that with respect to insuring wheat alone the record and the experience in the United States had been encouraging. In the United States, according to page 94 of the Saskatchewan commission report, from 1948 through the disastrous wheat year of 1954 the wheat insurance program showed a modest deficit of $4.6 million. During this period nearly $82 million was paid to farmers in the form of wheat indemnities. Nearly all of this, $77 million, was contributed by wheat farmers in the form of premiums. In 1952 the average insured wheat farmer was afforded protection of $15.07 per acre at a cost of $1.25 an acre. This was an average premium cost of less than 7 per cent of coverage. But the point is, as the Minister of Agriculture himself said, that only about 27 per cent or 29 per cent of wheat growers in the United States actually are insured. In Saskatchewan one would judge from reading the commission's report that the premiums would likely be so high that certainly in two of the three major districts where they propose to have a pilot scheme they would find they would have to rely on P.F.A.A. rather than pay the rates which would be necessary if we were to have an actuarially sound system.

Page 16 of the Manitoba report makes reference to possible premiums:

> Perhaps one of the most valuable contributions made by those attending the hearings was the indication, that they were able to give, as to how far they, as farmers, would be prepared to go in the payment of premiums to secure what they would consider adequate protection. Although most indicated their desire to have the program self-supporting, with the exception of administrative costs, it soon became evident to the commission that there was little realization of the over-all costs and hazards which would be inextricably bound into any crop insurance program, and that there was a widespread tendency to think in terms of premiums and coverage that would prove, over an extended period of time, to be precariously out of balance in terms of a workable program.

The Saskatchewan commission came to exactly the same conclusion.

I mentioned the other day that it seems from the United States experience that with a voluntary scheme coverage is not very impressive. The Manitoba report at page 41 indicates the scope of effective insurance that has developed down there; and as of 1954, the date indicated in the Manitoba report of 1955, it is said that only one third of a million of producers out of 5.3 million farmers in the United States were insured. In addition they reported that out of a farm crop value of $15 billion, only $400 million was insured. So even there, with a scheme which has been in effect for 20 years, we still have pretty small participation.

I have already made some reference to the claim of the Minister of Agriculture that this is a generous and likely to be an attractive scheme. I do not think that is the case. The commission certainly was very concerned about the ultimate responsibility, notwithstanding that in the end over a long period of time the scheme was supposed to be self-supporting. In the Manitoba report there is the indication that while crop insurance in the United States with respect to wheat was only available from 1939 on, they made a rough calculation, such as the minister did, going back to 1926 and said they had used what they thought a fairly safe premium rate, but when they analysed the likely results over a long period of time from 1926 to 1954 it indicated that in one state alone, the state of North Dakota, the loss would be $100 million. This is the thing which is frightening to the provinces, and I do not think the minister's proposals in this bill are adequate to induce these provinces to get into the scheme, desirable though we all agree it is.

My main point is this. The minister is making a contribution of 50 per cent to administrative expenses. Those are entirely borne by the federal government in the United States. The real contingent liability that he speaks of as being generous and onerous is a loan. If there is disaster the loan eventually has to be paid. In addition, the minister is unilaterally taking upon himself the decision as to what is or what is not actuarially sound. In other words he is in control of the premium rates, and he will not contribute unless he and his advisers are satisfied that over a long period of time it is likely to be actuarially sound.

If he has control of the soundness of the scheme I suggest, Mr. Speaker, that instead of a loan of 75 per cent the federal government, being in the driver's seat on rates, should not make a loan leaving this heavy contingent liability on the provinces to scare

them off acceptance of a scheme of this kind, but rather should assume this liability because they actually are the ones who decide the terms of payment by the producers. That is established, of course, in clause 5 of the bill, where the governor in council has full jurisdiction with respect to this matter of actuarial soundness.

If that is so I do not think the scheme will be very workable or very acceptable to the provinces if they are obliged to repay this substantial risk, without any proviso that it will only have to be paid back if there is some failure or some lack of wisdom on their part in setting up the matter. But the real essence is the actuarial soundness. If the minister is satisfied that it is actuarially sound on a long term basis, I say that it should not be a loan, it should be a guarantee. On that basis we might get the kind of national participation for which one would hope if a scheme of this kind is to be worth while.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the legislation before the house and the method by which it has been introduced can be very strongly and severely criticized. This legislation has been introduced, in the words of the Minister of Agriculture, without discussion with the provinces, without prior consultation and without agreeing to the request of certain provinces that this whole matter should be considered at a formal federal-provincial conference.

Mr. Harkness: What provinces are those?

Mr. Argue: Saskatchewan asked for it.

Mr. Harkness: That is the only one.

Mr. Argue: That is a very interesting comment from the Minister of Agriculture, because I have had on the order paper since June 1, I believe, a motion asking for the production of correspondence with the provinces with reference to the introduction of a crop insurance plan. The minister has failed to produce that correspondence in more than a month, yet in reference to a statement I have made, namely that at least one province has asked for this, he is giving us this bit by bit information which should have been included in the tabling of that return.

Mr. Harkness: If the hon. member will permit, the minister of agriculture for Saskatchewan asked for this at the last dominion-provincial meeting we had, and he has asked for such conferences on every conceivable agricultural subject at every one of those meetings.

Mr. Argue: And, of course, this has been asked by representatives of the farm organizations. The hon. member for Kenora-Rainy River stated a few moments ago, and read quotations in support of his statement, that such a study and such a meeting had been requested by the Canadian Federation of Agriculture and by other farm organizations. I have in my hand an excerpt from the Moose Jaw *Times-Herald* of July 6, which reads:

> Saskatoon (CP)—The new crop insurance legislation introduced by agriculture minister Harkness should go to the agricultural committee of the commons, says A. P. Gleave, chairman of the interprovincial farm union council.
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> "I wrote Mr. Harkness twice asking him to refer the bill to the committee, because farm unions and other organizations should have an opportunity to present their views and any recommendations they may have regarding the new legislation," Mr. Gleave said today in a statement.
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> Although he has had no opportunity yet to study the bill, Mr. Gleave said it appears that under the new act the federal government may actually contribute less to the over-all costs of crop insurance than it did under the Prairie Farm Assistance Act.
>
> "It is a mistake to rush so important a piece of legislation through the dying hours of the session of parliament," he added.

The Minister of Agriculture has told us that he has had this matter under study for two years—that officials in his department had been studying it for two years—and although the federal government's contribution by way of premiums constitutes only 20 per cent, and the amount of contributions by the provinces and/or the farmers is 80 per cent, the government fails to discuss its general proposals with the provinces.

I think this is an instance in which the federal government is apparently endeavouring to promote the worst kind of federal-provincial relations. I cannot express too strongly my feeling that the government has made a very serious and very grave mistake in the method by which it has introduced this legislation. The provincial treasurer of the province of Saskatchewan has called it, according to a statement in last night's *Citizen*, "one of the greatest insults ever inflicted on provincial governments by the federal government within my memory." There have been further comments by the provincial treasurer of Saskatchewan to which I shall make reference after the lunch hour.

Mr. Speaker, I understand that the federal-provincial conference is drawing to a close, that the provincial treasurers are likely to meet this fall, probably in October, and that it is anticipated that from this meeting there will flow a dominion-provincial conference with all the provincial premiers in attendance; a formal conference at an early date, perhaps during the present year. I would suggest that this measure should be stood over, that it should be made part of the agenda of the federal-provincial conference which I understand is slated for October or later this year.

This legislation could then be brought out into the open, the views of the premiers and provincial treasurers could be obtained, and we could have a discussion by the governments concerned which must implement this legislation.

The treasurer of the province of Saskatchewan has called this the greatest insult to the provinces in his memory. That is very strong language, the strongest language I can remember since the Prime Minister was on this side of the house castigating the former administration for failing to take the provinces into consultation before announcing government policy.

May I call it one o'clock?

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Argue: Mr. Speaker, at one o'clock I was criticizing the government for not having a federal-provincial conference to deal with the whole question of crop insurance. To show how ridiculous has been the attitude of the government in failing to call such a conference, one needs only mention that there has been going on in this city for the last two days a federal-provincial conference at the provincial treasurers' level. This conference could easily have been extended to include ministers of agriculture. Those ministers of the various provinces could have come to Ottawa. The present conference could have been continued for some time longer in order to work out an agreed crop insurance scheme that would not have the defects of the present bill and that would have had the active and wholehearted co-operation of, I would think, at least the majority of the provinces because they had been consulted and their ideas sought.

This morning the Minister of Agriculture made some critical statements regarding Mr. Robert Moon of the press gallery. I notice that the minister quoted the Winnipeg *Free Press*. He said, "This is the best known Liberal newspaper in western Canada and I call it as my witness." He then made critical statements regarding a man in the press gallery who is the correspondent for two other well-known daily newspapers in western Canada that have been in the past and are today in general support of the Liberal party.

If one reads on in the article written by Mr. Robert Moon one finds some definition of how farmers under this bill will in fact become ineligible for prairie farm assistance. Certainly the bombshell in this legislation is that any farmer who wishes to enrol in a crop insurance scheme automatically and by law has his right to obtain benefits under the Prairie Farm Assistance Act taken from him.

Mr. Harkness: Would the hon. member permit a question? Is it not a fact that the Saskatchewan royal commission which dealt with crop insurance recommended that if a crop insurance scheme was put into effect, P.F.A.A. levies not be taken and P.F.A.A. payments not be made?

Mr. Argue: That was based on the key recommendation of the commission, as I understand it, that a crop insurance scheme should in fact be a federal scheme in the main under which the federal government would accept the major responsibility. If the minister had brought in a measure that complied with the report of the royal commission of which he appears to be in such great support, he would have been accepting the major responsibility instead of endeavouring by this bill to unload the main financial responsibility on the provinces. Any argument as to the recommendations of the Saskatchewan royal commission falls to the ground as far as the minister's point of view is concerned because of the central fact that this government is not complying with the principal recommendation contained in that report.

I have referred to Mr. Robert Moon. Although I am not always in agreement with everything that is reported by him, I think in general Mr. Moon of the press gallery is a conscientious and accurate reporter. I have in my hand a report in the Saskatoon *Star-Phoenix* written by this gentleman, in which he makes reference to certain statements made by the provincial treasurer of Saskatchewan, Mr. C. M. Fines. Here is what is said in part:

> During his presentation, Mr. Fines also made direct allusion to the recent federal crop insurance proposals when he said that too often the federal government when dealing with such programs had evolved them without consulting the provinces.
>
> Mr. Fines' declarations on centralization were the strongest in this field by Saskatchewan in at least several years at federal-provincial fiscal meetings.
>
> "To do this is to treat the provincial governments as though they were branch offices of the federal government," Mr. Fines said.
>
> "There is a price which must be paid for effective federal-provincial relations and for the willing co-operation of the provincial governments in solving national problems; that price is to take the provinces into the confidence of the federal government even if to do so is to lose some of the political advantage which comes from unilateral action."

This is an example of the failure of the government to consult with the provinces.

Mr. Hamilton (Qu'Appelle): Mr. Speaker, may I ask the hon. gentleman a question. From what is he reading and from where did he get it?

Mr. Argue: I notice the great interest of the Minister of Northern Affairs and National Resources. I am quoting from a press dispatch from the press gallery sent to the Saskatoon *Star-Phoenix*. While I have not checked with Mr. Fines as to whether or not he made these statements I would think, in spite of the great criticism of the Minister of Agriculture concerning this reporter, that the statements are in fact accurate and represent not only the opinion of Mr. Fines with respect to crop insurance but are an expression of a sound attitude toward federal-provincial relations.

There is another gentleman I should like to quote on the question of federal-provincial relations. I submit that is one of the key questions in the way the crop insurance measure has been handled; because if anything were designed by the federal government to impede federal-provincial relations, to put a gun to the head of the provinces and to act in an arbitrary, unilateral and highhanded manner, then this is indeed a classic example. I should like to quote from the Prime Minister in former days, from a statement he made in this house on July 24, 1956, as reported at page 6370 of *Hansard*:

> I think it is fair to say that the attitude taken by the government at the last conference was an arbitrary one.

In that case there was a conference. I continue:

> The government simply said, "These are the terms". No opportunity was given for amendment or for amelioration of any terms. The recipe for a division of taxation was as final as the laws of the Medes and Persians; and how similar that attitude was to the attitude of the government in this house, which is that power makes perfect anything they do. There was no opportunity for negotiation—

And how prophetic these words were in relation to this very bill.

> —there was simply the attitude of a feudal lord bringing into being a modern feudalism and laying down the law to the vassals.

Well, this indeed is a very eloquent expression and description of precisely what this government has done and of its attitude in bringing in this legislation. There may have been clandestine discussions with the minister of agriculture of the province of Manitoba; but if the minister of agriculture of Manitoba was brought into some earlier discussions as far as crop insurance is concerned, then apparently he was the only one because there is no evidence that the government discussed these proposals, as it should have discussed them, with the provinces before presenting this detailed measure.

One of the great mistakes that is being made in this legislation is that the federal government has decided to pay only 20 per cent of the premium. In other words the federal government's financial obligation, apart from its share of the administration costs, is 20 per cent of the premium, while under prairie farm assistance legislation, which has been on the statute books of this country since 1939, the federal government's share in practice has been some 50 per cent.

The basis of the Prairie Farm Assistance Act is far different from the basis of this legislation. The Prairie Farm Assistance Act applies to three provinces. We in this group have advocated on many occasions that it should be extended to all provinces. It deals with specialized crop areas where crop failure is a hazard. We have advocated that its benefits should be extended to farmers in all provinces; but it is in fact an arrangement between the agricultural producers and the federal government, and without question it has worked for the benefit of the producers who have been allowed to benefit from it.

In the present legislation before the house the federal government, instead of providing for payment of anywhere near 50 per cent, is asking the provinces along with the producers to pay 80 per cent of the cost and the federal government to pay just 20 per cent.

This is not the whole story. Any provincial government coming into this scheme must bear in any given year, according to the legislation, the total losses that occur in that province. Although Saskatchewan is the agricultural province in western Canada, which has experienced the most widespread crop failures and has had paid to its producers the largest amounts, Saskatchewan has not been consulted in any way.

Let us look at the Prairie Farm Assistance Act report for the crop year 1957-58. Let us look back a few years. One finds that in 1954 payments were made to producers in the province of Saskatchewan totalling almost $22 million. If we had a crop insurance program that included the vast majority—which this one does not hope to do—of farmers within that province alone, if the amount of insurance went up to 60 per cent of the average yield then of course the provincial treasury of Saskatchewan could be called upon to pay perhaps $40 million or $50 million in benefits in a single year.

The federal government refuses to share the losses in any way, shape or form. All the federal government proposes to do in this

legislation is to provide loans to the provinces, and the loans that will be provided by the federal government would apparently carry an extremely high rate of interest. Therefore the federal government, instead of embarking upon an improved, far-reaching program to provide crop failure protection, or crop failure insurance, is endeavouring to transfer a part of the responsibility it has accepted in the past under prairie farm assistance to the provinces which are unable to accept it without risking their financial solvency, because of the great liability and the great charges that may occur under such a scheme.

This program, Mr. Speaker, is also wanting in that the plan is of little or no benefit to producers who suffer most from crop failure; it is of little or no benefit to producers who live in the high risk areas. As a matter of fact, under this program the government apparently has a desire to divide the farmers of Canada into two classes, namely those who live in high risk areas who cannot afford to come under the proposed scheme, and those who do not face the same type or the same degree of crop failure risks, farmers who operate the more productive land areas which can be covered by such a proposed plan.

How we have heard members opposite during the course of this session say they were interested in the small farmer; they were interested in the farmer with a low income; they were interested in the farmer whose production was not as high as that of some other farmers; they in fact were interested in the farmer who needed the greatest amount of consideration. Well, under this legislation farmers in areas facing the greatest degree of crop failure risk will not be able to obtain in any substantial measure whatever benefit or whatever protection may be provided.

On many occasions the minister has referred to the Saskatchewan royal commission report on crop insurance. If this legislation is designed according to the examples that are set forth in that royal commission report then it is going to create many of the problems that prairie farm assistance has been endeavouring to overcome for many years. For example, in the insurance proposal set forth it says there shall be a premium unit, there shall be crop delivery points, and that farmers within that area will pay the same premium. The Minister of Agriculture is sufficiently well acquainted with western Canada to know that from farm to farm productivity varies very substantially within an area where the farmers market their grain at a central delivery point; and to calculate premiums even on the basis of this type of unit is less fair, I suggest, than the prairie farm assistance method of collecting 1 per cent of deliverable production as it goes to market.

I do not think that is as serious as the further provision in these examples having to do with an indemnity unit. If the minister wishes to correct my interpretation of these examples I will be very pleased if he will do so. But as I interpret the calculations in these examples the indemnity unit is the same area as the premium unit, and in order to ascertain the premium that would be required in this unit it is assumed that the indemnity is paid on the unit. We are all aware of the great criticism in the past when areas for payment under prairie farm assistance were substantially larger than they are now, and farmers complained that although they had a crop failure they were unable to get assistance while some of their neighbours who were in a unit where payment was made and who had a relatively good crop nevertheless obtained prairie farm assistance. If the indemnity unit is to be as it is set forth in these examples then payment will not be made on an individual basis at all.

Mr. Harkness: I do not think the hon. member needs to go any further along that line. I think I made it quite clear that what is envisaged here is individual crop insurance, not on a unit basis nor an area basis.

Mr. Argue: I understand that is the position of the minister, but I am referring to the examples set forth by the Saskatchewan royal commission on which their rates for premiums and indemnity are calculated and which have been used by the minister. What I am pointing out is that in these calculations they have not calculated payment on an individual basis but on an area basis. I accept the minister's statement, and may I say that I did not think differently; but I suggest this means that if in actual practice payments are made on an individual basis, then the premium required to meet such payments will be higher than the premium set forth in the examples given in the Saskatchewan royal commission report.

The legislation before the house is very loosely worded. Under this legislation the government can—indeed, I take it the government intends to do so—make agreements with the provinces that are not in any general standard form at all but probably will differ very much in important aspects. The minister said in the course of the debate that in setting up the unit which would be covered under this legislation the government would require 25 per cent of the farm units within an insured unit to be covered under the legislation. I have looked through the bill

and nowhere do I find any reference to the 25 per cent. Although this is a major factor and one which restricts the coverage of the legislation, I find no mention of the 25 per cent in the legislation itself.

Mr. Benidickson: Government by order in council.

Mr. Argue: This is another case of the government bringing in an omnibus, loosely worded, inexact bill under which the cabinet can discriminate, change its mind and if it wishes ignore the very important statement made by the Minister of Agriculture, namely that 25 per cent of the producers in an area must take out crop insurance in order for the area itself to be covered.

There is no question but that for agricultural producers in most parts of Canada some method of crop failure protection, crop failure assistance, crop insurance, if you wish, is required. The minister has quite rightly said that there has been a great deal of interest in the subject over the years and that many royal commissions have studied the problem, but I suggest that under proper government practice it is elementary to discuss with the provincial governments that will be involved in this kind of legislation the type of legislation with respect to which they would like to co-operate with the federal government in order to bring about benefits to the farmers.

Instead, the government has taken an arbitrary, high-handed attitude. It has taken the position that was criticized so many times by the former leader of the opposition, Hon. George Drew, as a take it or leave it attitude. I suggest that by its arbitrary action the government is bringing federal-provincial relations to the lowest state in which they have been in many years.

According to the announcement of the Minister of Agriculture the government is prepared, based on an opinion from the Department of Justice, to ignore the very precise sections of the Agricultural Stabilization Act. I would say that the announcement by the Minister of Agriculture this morning is an open declaration by the government that it is prepared to break its own law, that it is prepared to take away from agricultural producers the support prices that have been guaranteed to them.

Mr. Harkness: Mr. Speaker, on a point of order, the hon. member is not discussing crop insurance in any shape or form. He is talking about the price support measure.

Mr. Argue: Mr. Speaker, I am putting this forward as another example of how the government has changed, how the Conservative party has changed over the years.

Mr. MacLean (Winnipeg North Centre): And how ridiculous you are.

Mr. Argue: Just a little over two years ago when they were on this side of the house they were the champions of the rights of parliament, the champions of federal-provincial relations on a consultative and co-operative basis. Now the government has taken an arbitrary, dictatorial attitude which, even if it was not designed to do so, will certainly result in a worsening of federal-provincial relations; and in the statement made by the minister this morning the government has shown a callous disregard of the very law of this country.

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, after listening to the last two members who have spoken on this subject I have only one observation to make. Perhaps it is not original but I think it is appropriate. Forgive them, Mr. Speaker, for they know not what they say. I should like to deal with the subject of crop insurance for a change, and I am sure that hon. members here today would like to have an opportunity to discuss the bill now before the house rather than to ramble on discussing provincial issues and attempting to lay the foundation for a provincial election.

In order to put the whole matter in its proper perspective I want to read from the report of the dominion-provincial economic conference of 1950, which dealt with the subject and made some recommendations with respect to crop insurance. The report goes on in introducing the subject—and it is the introduction that I want to read—to say this:

> The application of crop insurance as an income-maintenance device introduces many complex implications. It can be made comparable to social security, unemployment insurance or calamity insurance, (flood, fires, etc.) depending on the objectives of particular crop insurance programs. Furthermore, it can be a partial application of each of these types of program (in terms of the proportion of income insured). It may assume, in its various garbs, the status of a self-supporting or subsidized program and participation can be voluntary or compulsory. All of these choices depend on primary objectives adopted and on an over-all conception of the functions and uses of crop insurance.
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> In this study the major assumption adopted is that crop insurance is a self-liquidating type of insurance based on sound actuarial data. As such, crop insurance is related directly to production rather than considerations of welfare or security. It should be designed to treat individual operators facing similar risks in a similar fashion without subsidizing inefficiency or penalizing efficiency. Welfare payments, where necessary, should be dealt with outside the scheme of crop insurance and should be treated as a social security scheme rather than related primarily to productivity.
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> Crop insurance has been a fairly lively issue in Canada for approximately two decades and particularly so in western Canada. Considerable

effort has been spent from time to time in presenting arguments pro and con various proposals. In many cases crop insurance has been overemphasized as a solution to the very fundamental problem of instability in agriculture. It is essential that this too be seen in its proper perspective. Taken by itself, crop insurance is merely a device to take a portion of production which has taken place unevenly over a period of years and to return that part or premium in such a fashion that the producers' annual yields approach a figure which represents a long-term average annual production or some percentage of that production. It is necessary, therefore, that the average production represent a suitable level of income for the individual farmer. Unfortunately, there are many instances throughout Canada where even the guarantee of an annual production approximating a long-term average will not, in all cases, result in a satisfactory return. Paradoxically, these areas need insurance most but are least able to afford the premium rate necessary to pay for a proper level of insurance. Areas other than these have not as great a need for insurance but can, nevertheless, use it to advantage since it offers them cheap protection. These observations seem to indicate that a concerted attack on more fundamental factors will have to be made before crop insurance can be successfully applied in those areas which need stability most.

I might say that this report, as I stated before, was drawn up in 1950. Since this government has come to office it has dealt with those aspects of instability that it has been necessary to deal with in order to complement a crop insurance program and to ensure the success of crop insurance.

One of the main criticisms that have been levelled at the P.F.A.A. over the years has been the fact that some farmers who have made contributions to the scheme since 1939 have been unsuccessful in collecting indemnities or payments when they have suffered crop failures. In suggesting that we should continue with an expanded program of P.F.A.A., as the hon. member for Assiniboia has done, what is he actually contemplating? It seems to me that what he is saying is this, and I am sure he would not make an effort to sell this type of insurance to a householder or to a person interested in life insurance. What it actually means is that it is a type of insurance policy that says you will not collect a nickel's worth of insurance when your house burns down unless 18 of the houses on the same street burn down at the same time; or that your wife will not collect a nickel's worth of insurance when you die unless 18 of your neighbours die the same year. I am sure that he or anyone else would have difficulty in attempting to sell that type of insurance to a home owner or to a person who is interested in life insurance.

I have no criticism of the purpose of P.F.A.A. when it was first brought into being. It was enacted to deal with a situation that existed in the thirties, namely that of drought. In dealing with that particular situation, where invariably you would have a wide area affected, it could conceivably cover most of the farmers in the areas stricken. However, the situation that has existed, particularly in the province of Manitoba, has been one of local failure where there has not been an opportunity for a farmer suffering local crop losses to participate in benefits or to receive payments under P.F.A.A.

Mr. Benidickson: Individual payments.

Mr. Jorgenson: As a result they have been unable to receive any payments under P.F.A.A. These are the people who during the year 1954, when the Manitoba crop insurance commission were travelling throughout the province holding hearings and receiving briefs from farmers and farm organizations, made representations to the commission. I might say that of the 45 briefs that were presented—and not all of them were written—24 favoured a system of crop insurance, 5 were opposed to it and 8 gave qualified support. I think this is an indication of the interest in crop insurance in the province of Manitoba.

I also want to say that at page 14 of the report, in the second paragraph, this is stated:

> It was evident, however, that farmers were anxious to stand on their own feet and to pay for their own protection. They were fearful of extensive indemnity claims in the first few years of any crop insurance program that might be adopted, and the feeling was that if a plan was safely launched and a reserve built up, barring a succession of crop disasters, crop insurance should function successfully in Manitoba.

Mr. Benidickson: Would the hon. member read the third paragraph on that page?

Mr. Jorgenson: The third paragraph deals with the premiums that were suggested. It deals with questions raised by the commission as to what premium rates farmers might be prepared to pay under an insurance program. I do not intend to read it or to do other than to say that the farmers who made representation at that time, as indicated by the report, perhaps were not too fully aware themselves of what the premiums would be.

I think that is uderstandable. I do not think there is any criticism there. I recall that at that time I presented a brief myself and this question was asked me; and I shall state quite frankly that I was unable to say what I thought the premium rate in my own area would be. However, I think this is beside the point. What this bill is doing—and I think this is the important thing and that the point has been missed—or what this government is doing is providing an opportunity for a provincial government to draw up a program of crop insurance

suited to the particular needs of that province, and permitting the farmers in the area to make some contribution to the development of that program.

It has been stated by most of the commissions or bodies that have been studying this particular subject that one province attempting to go into a crop insurance program by itself would in all probability find itself in difficulties if it had a succession of failures in the early part of the program. Therefore the recommendations of the Manitoba commission, the Saskatchewan commission and of many of the reports that have been drawn up have been to the effect that the federal government must participate in this program. On no occasion has any of these commissions suggested that the federal government has to be in complete control of the development of the entire program.

What we are doing is simply providing financial assistance to the provinces in the event that they have crop failures in the initial stages of their program. In addition to this the government is paying 50 per cent of the administrative costs. The federal government is doing, in addition, something that has been suggested by no commission in connection with this program, in that the government is going to pay 20 per cent of the premiums of the farmers.

This is quite important. This suggestion has been criticized by the hon. member for Assiniboia. I have not been in this house too long, but those of us who have been here during the last two years know full well that it would not matter if the government paid 250 per cent of the premiums, the hon. member would still find something about which to complain.

I might say that I was in Manitoba just two weeks ago, and my attention has been called to the fact that the press gallery noted my absence on one particular night. At that time, in my particular part of the province, only 10 per cent of the land had been seeded because of flood conditions. The farmers arranged a series of meetings for me to attend, and at each of those meetings there was a considerable amount of interest in crop insurance. Although I was unable to give them details of the program at that time, I told them a crop insurance bill was being introduced and that it would be passed at this session.

They are anxious to have this bill put through this house. They are anxious that the provincial government in Manitoba develop a crop insurance program for that province so that next year, if the same situation exists in my constituency, they can be covered by a comprehensive crop insurance program. I did not find, amongst those farmers the attitude that was expressed by the hon. member for Assiniboia, that they are afraid to pay the premium rates. As indicated in this report of the Manitoba commission, the farmers are anxious to stand on their own feet. All they are looking for is an opportunity to take out a crop insurance policy so they can be protected from the hazards with which they are confronted from time to time.

Although we all know these things are not always perfect, I am satisfied that the bill is acceptable to the province of Manitoba. I am satisfied that as a result of this legislation we will have crop insurance in the province next year. I take a great deal of pleasure in participating, just briefly, in this debate. I should like to congratulate the minister upon bringing this measure forward and upon having the courage, despite all the procrastination that has occurred in connection with crop insurance over the years, to introduce a measure providing an opportunity for the provinces to develop programs suitable to the needs of their farmers.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, on the introduction of this bill, I feel it is my duty to make certain remarks and ask the Minister of Agriculture (Mr. Harkness), certain information which might throw additional light on a governmental project that will have fortunate or unfortunate consequences, both for the farmer and for the taxpayer.

First, I must say that we favour the principle of crop insurance legislation, because the idea originated with the Liberal party, at its convention held in January 1958. The measure is the logical consequence of a farm policy cleverly planned when the fate of Canadian agriculture was in the hands of the Right Hon. James Gardiner. Second, we favour that legislation, which we shall be called upon to approve, because we wish to protect the farmer against certain losses which he might incur on account of floods, hail or any other natural causes which could involve losses for him.

What is the scope of that legislation? It is very difficult to imagine it at this stage, because major changes to it might be introduced. So far, the statements made by the right hon. Prime Minister (Mr. Diefenbaker) look much more like election promises than statements of policy.

In fact, if we compare the statements made by the Prime Minister last year with the principle of the bill, we note that there is

some confusion. The Prime Minister stated in the house on August 30 last, as recorded on page 4346 of *Hansard*:

—the government is studying the problem in consultation with the provinces, and hopes, as a result of this study of this very complex and difficult problem, to introduce at the next session of parliament, legislation in co-operation with the provinces which are prepared to join, to provide for a comprehensive crop insurance program. It has been one of the demands of farmers in general throughout the years that something be done to protect them within reason against the uncertainties to which agriculture is subjected.

A little later, that is on September 6, 1958, when, naturally, the session was drawing to a close, and the right hon. Prime Minister wanted to leave a good impression on the minds of the farmers, he stated:

When the next session arrives we intend to introduce a measure for which the farmers have asked from the earliest days in western Canada, something which has also been requested by farmers in other parts of Canada, an insurance plan to bring about the assurance of at least a modicum of income, that degree of income which will not cost the farmer too much to assure himself of, and through which during the dark days of drought the farmer may be assured of at least a fair and reasonable rate of return. That is one of the things that came about under the Prairie Farm Assistance Act. That met the situation in the western provinces to a degree. That legislation was placed on the statute books as a result of the initiative of the Right Hon. J. G. Gardiner. It has been expanded, it has served a successful purpose and has been beneficial. Farmers generally are today asking for something further in that direction and it is because they are asking for that we intend to provide the opportunity at the next session of parliament of taking this further step.

If we compare the Prime Minister's statement with the contents of this bill, it is easy to infer that government policy with regard to crop insurance is not well defined.

As indicated in the explanatory note:

The purpose of this bill is to authorize contributions and loans out of the consolidated revenue fund in respect of the operation of provincial schemes for crop insurance.

In short, the result of that legislation will be that provinces, and the farmers who will wish to avail themselves of that program, will both share a burden which will be the consequence of a government having but a single purpose, that of shelving its election promises.

In the statement made this morning by the Minister of Agriculture, and in the one made recently by the Minister of Northern Affairs and National Resources (Mr. Hamilton), reference was made to western farmers' problems, and examples were given about wheat producers in western Canada. However, no reference was made to problems facing farmers in eastern Canada. Yet, eastern farmers, like those in western Canada, are expecting much from this legislation. They will be disappointed if it is not properly amended. The main points of the bill may be summed up as follows:

1. The federal government will pay half the administration costs of the act.

2. The federal government will pay 20 per cent of premiums paid by farmers.

3. The federal government will pay 75 per cent of the amount required for promised indemnities, minus $200,000.

Another point which it is important to emphasize under the circumstances, is that provinces are free to accept or reject the plan.

According to what the Minister of Agriculture said, quite a few provinces are not expected to share in this plan.

I want to quote the words of the Minister of Agriculture in this house, on July 22, 1958, which can be found on page 2537 of the official record. Answering a question asked by the hon. member for Essex East (Mr. Martin), who, as everybody knows, is very familiar with agriculture, the minister said at the time:

The hon. gentleman will recall that approximately two months ago a meeting was held in Ottawa of all provincial ministers of agriculture. One of the matters discussed at that meeting was the question of crop insurance. I might say that the result of that meeting has been to complicate the situation because a number of provinces expressed no interest whatever in a system of crop insurance. I might point out that some provinces were interested, others were lukewarm and others displayed no interest at all.

But what it means, as I think the hon. member is aware, is that in order to introduce an acceptable system of crop insurance it makes it very difficult to find a scheme which would be applicable in the various provinces to ensure that no province would have a complaint because too much money was being expended in another province, and so on. There is no doubt but that the extreme variability of climatic conditions across Canada makes the matter of a general dominion-wide crop insurance scheme an extraordinarily difficult problem to solve. However, as I say, we are working on it in the department and I hope that in the near future we can introduce legislation in respect of a crop insurance scheme.

We recognize, as does the Minister of Agriculture, that a law in respect of crop insurance will be difficult to apply in the provinces where there is mixed farming and weather conditions are varied. Mr. Speaker, if this principle is good for western wheat producers, it should likewise be so for farmers in eastern Canada.

On previous occasions I have given in this house instances of losses suffered by eastern farmers. I might give fresh examples of losses very recently experienced in the neighbourhood of Quebec and Victoriaville. Two weeks ago, in the counties of Megantic, Compton and Arthabaska there were floods which destroyed part of the farmers' crops.

As some of my fellow members suggested when this legislation was discussed at the resolution stage, the bill implies so many things and contains so many riddles that we seriously doubt whether the provinces will accept it. As a matter of fact, the minister himself realizes the extent of his difficulties. That is why we urged that the matter, which everybody considers very serious, be submitted to the standing committee on agriculture and colonization.

Regardless of the study and recommendations which the committee would have been able to make after having heard the opinions of the various provinces, farmers' unions, or specialists in this field, the Minister of Agriculture chose to draw up the bill privately and to submit it to this house under an ingenious camouflage.

Indeed there are so many reservations in this bill that it might have been planned in such a way as to be unacceptable to the provinces, except the prairie provinces.

How many times did we not point out to the Minister of Agriculture that in several amendments to our agricultural statutes, the eastern provinces were being deliberately disregarded.

For instance, I am thinking of last year's amendments to the Prairie Farm Assistance Act.

At the time, I pleaded in favour of eastern farmers, I stated that just like farmers in other provinces, they were exposed to losses resulting from "the uncertainties to which agriculture is subjected", to use the very words of the Prime Minister.

Even if the government is able to run the country without the province of Quebec, as was stated by the Minister of Commerce (Mr. Churchill) and by the Minister of Northern Affairs and National Resources, Quebec farmers are placing their hopes and their trust on the fairness and understanding of the Minister of Agriculture, if not on his wisdom.

We would have been pleased to hear the minister comment on the opinions expressed by the provinces in connection with this bill. The only thing he saw fit to say is contained in a reply he made to the hon. member for Assiniboia (Mr. Argue) who had asked whether or not the provinces had been informed of his proposal.

The Minister of Agriculture's reply was evasive. He did not give the reply we would have expected. We know quite well that the provinces had not been informed of the costs they would have to bear under this scheme.

In view of the minister's attitude, there is little doubt that the federal government proposes to infringe upon the jurisdiction of the provinces by making them carry a burden that is too heavy for some of them.

The Minister of Agriculture also explained that a farmer who avails himself of this legislation will not qualify for help under the P.F.A.A. I cannot say what will be the reaction of western farmers when they are informed of the details of this legislation, but if I were one of them, I would be inclined to believe that the minister is trying to muddle up the situation by having two protection schemes, one more beneficial than the other, in a particular area, or vice versa.

In some cases, it will be in the farmer's interest to avail himself of the protection provided under the P.F.A.A., knowing that the premium will cost him only 1 per cent of the value of his crop, whereas under this act, the cost is much higher. And as the minister indicated this morning, the premium may possibly run from 7 to 16 per cent.

Of course, it is too soon to say—

(Text):

Mr. Harkness: Mr. Speaker, I do not think the hon. member would wish to have on the record something I did not say and which is not correct. I did not say anything about the fact that the premiums might vary between 7 and 16 per cent. Those were the figures I used when talking about hail insurance premiums. Those figures have nothing to do with what the premiums may be under this plan.

(Translation):

Mr. Boulanger: This morning, the minister made comparisons purporting to show that insurance rates paid by western farmers to protect themselves against certain risks could vary from 8 to 16 per cent in the case of damages due to hail.

I presume that the Minister of Agriculture was satisfied to quote those figures, knowing that, by making comparisons, he meant that the crop insurance under study, at the rate of 8 to 16 per cent, would not be exaggerated. That is how we have understood his statement, Mr. Speaker.

Under the plan provided in the bill, the federal government provides for the payment of contributions and the grants of loans to provinces that set up their own crop insurance scheme. It is the same standard formula that is used when it is a question of distributing the economic and social responsibilities between provincial and federal governments. That method—one that is often referred to—is considered a socializing one in certain quarters. Besides, it requires, on the part of the governments, continuous supervision together with considerable expense and, furthermore, it interferes with farmers' freedom.

Would it not be wiser to try to find a new formula which would eliminate all those drawbacks?

Mr. Speaker, having given this matter a great deal of thought, the idea occurred to me of submitting an altogether personal plan that I would ask the minister to kindly take into consideration.

That plan is to have a crop insurance scheme managed by an organization that would represent a majority of the farmers of a province, whenever the province concerned would not feel it would be advantageous to follow that federal policy for reasons of autonomy or other reasons. In the province of Quebec we have important organizations which represent farm people quite well, just as there are such organizations in other provinces. One such organization which has acquired a great experience in the field of insurance and actuarial science, while constantly keeping in touch with farm people, is the "Assurance-Vie Desjardins".

This company has only ten years experience, yet it already has close to half a billion dollars of insurance in force.

Other organizations doing a good job of representing the agricultural class are: La Coopérative Fédérée, in the economic field, and the Union des Cultivateurs Catholiques, in the professional field.

Both organizations have several years of experience in the insurance field, and I have no doubt that if the government came up with a definite proposal, they would consider it.

The administration of a crop insurance scheme could not be more secure than in the hands of those organizations, because, better than any other organization, they are familiar with the needs of their members and they already have a trained staff and experience in various types of risks.

The minister will object that the government cannot invest funds in a service without having control over expenditures. I recognize that. However, would it not be possible, after having the matter thoroughly investigated by economists, trained actuaries and the interested parties, to find a satisfactory formula? I for one am convinced it could be done.

Over the years, successive governments have yielded to popular pressure for the provision of various social and economic security services.

Nowadays, workers, farmers and manufacturers cannot do a thing without looking to the government for guidance or remedial action.

Farmers, in the past, have always been able to look after their own responsibilities, and I see no reason why we should not trust them to do the same in the matter of crop insurance.

We regret, however, that the minister has not seen fit to introduce this legislation earlier, so as to enable members, farm organizations, experts in this field, and also the provinces, to give it a thorough study and put forward some fair and considered suggestions.

We had every tool at our disposal to consider and draft this bill; the minister, however, has not seen fit to use them. As a result of the bitter reaction from western farm organizations particularly, the minister is apparently feeling twinges of remorse. I therefore urge him, before this develops into something chronic, to refer the bill back to the committee on agriculture and colonization.

(Text):

Mr. J. S. Speakman (Wetaskiwin): Mr. Speaker, I should like to make a few remarks on second reading of this bill because of the criticism which has been levelled by members of both the Liberal party and the C.C.F. group. I have looked over this bill very carefully, coming as I do from a constituency which is solely agricultural, and in my opinion this is a good bill. It is not a perfect bill but it is a good one because it gives to the provinces a definite plan around which they may work out what the explanatory notes to the bill describe as "provincial schemes for crop insurance".

The hon. member for Kenora-Rainy River (Mr. Benidickson) referred us to the resolution passed at the convention of the Liberal party held in January, 1958. I should like to suggest that not only the farmers of Canada but all Canadians rejected promises after 22 years of complacency and inaction. He also referred to the inability of the farmers to pay the high premiums. How can we tell how high the premiums will be until the provincial schemes are worked out?

Both the hon. member for Kenora-Rainy River and the hon. member for Assiniboia (Mr. Argue) suggested that this bill should go to a committee for study. I should like to

suggest that this bill be put through and then studied because we will certainly be able to give it far more effective study if it is passed and the provinces have an opportunity to work out their own schemes around the bill.

The hon. member for Assiniboia was very critical in his remarks today as he was a year ago when this government amended the Prairie Farm Assistance Act. He said the amendments were totally inadequate. The amendments to the Prairie Farm Assistance Act reduced the size of the plot from 18 to 12 sections in any given township. Once the provinces have adopted it this crop insurance program will make compensation on an individual basis.

The hon. member for Assiniboia made lengthy reference to the fact that the province of Saskatchewan was not prepared to adopt this bill. The hon. member for Provencher (Mr. Jorgenson) told us that the government of Manitoba is prepared to adopt it. I should like to quote from the Edmonton *Journal* of July 2, an article entitled "Province Prepared for Crop Insurance". It states in part:

> The Alberta government already has legislative authority to participate in the federal-provincial crop insurance scheme outlined earlier this week by federal agriculture minister Douglas Harkness. Earlier this year the legislature passed a bill authorizing the province to enter into any farm insurance scheme introduced by the federal government. At the time agriculture minister L. C. Halmrast said the province wanted to be prepared to take advantage of the promised federal program.
>
> The bill passed by this year's session of the legislature gives the Alberta minister of agriculture three-fold authority to enter into agreements with the federal government.

I would suggest, Mr. Speaker, that the government of the province of Alberta is prepared to accept this scheme, judging by what this article tells us.

Since I am referring to articles in the Edmonton *Journal*, Mr. Speaker, I should like to refer to some remarks made by the hon. member for Assiniboia during his visit to Alberta last month. The headline in the Edmonton *Journal* of June 13 reads:

> Argue Raps Federal Tories; Terms Them "Irresponsible"

The article goes on to say:

> Mr. Argue rapped the 47 western Conservative members in the house. "We always wanted a large block to represent the west, now we have it all right—47 blocks, all in row".

He forgot to mention that there are 48 members. I presume the other member that he forgot to mention was the blockhead.

Mr. Reynold Rapp (Humboldt-Melfort): Mr. Speaker, in rising to take part in this debate I should like to make a few remarks about the crop insurance plan. This is legislation that has been sought for a long time by farm organizations, by authorities on agriculture and by farmers. It is insurance against the loss of a crop. Here I would like to indicate how it will affect my district. My district of Humboldt-Melfort is one of the districts in which yields are much higher than they are in other districts of my province; consequently, we were never able to get prairie farm assistance, although we had many crop losses from such things as rust, hail, frost and floods. I know the farmers in my district will be very much pleased that finally we have legislation under which they can insure their crops against such hazards. This is not compulsory legislation, and therefore the people who benefit from the Prairie Farm Assistance Act can still receive benefits from the Prairie Farm Assistance Act.

This is new legislation, and as time goes on no doubt it may be found that new amendments will have to be introduced, or there may have to be other additions to the legislation. Nevertheless, it is legislation that will be beneficial not only to the ones who live in the southern districts of Saskatchewan where the yields are very low and who can benefit year after year from the Prairie Farm Assistance Act but it will finally give assistance to the people who are in districts where the production on a bushel basis is much higher than it is in other districts. I will endorse this legislation.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I shall be the soul of brevity but I think somebody from British Columbia should speak on behalf of this group. I notice members opposite are beginning to check their watches. They will find that, as usual, I tell the truth.

Before proceeding with my few remarks I do want to compliment the hon. member for Drummond-Arthabaska (Mr. Boulanger) on what I thought was a very constructive speech in connection with this bill and to support his plea for every consideration and justice to the farmers of Quebec. It just so happens that I represent a similar type of farmer, farmers who are engaged in a similar type of mixed farming, and the fruit farmers who are carrying on in many cases under similar conditions. Therefore, I can well understand his approach to this question and I support his remarks and his plea to the minister in this respect.

I have read a good deal about crop insurance. I realize that it is a very complicated and difficult problem. This is illustrated by the fact that it has been considered by federal and provincial governments and by farm organizations over a good many years. It is

because of the complications of crop insurance and the difficulties that I can well understand that action was delayed from year to year. However, I do want to make five points. I am not going to be repetitious.

First of all, I want to inform the house that crop insurance has been a plank in the C.C.F. agriculture program for many years. As a matter of fact, it is plank No. 3 at the present time. It reads as follows:

> A system of crop insurance to protect farmers against crop failure due to conditions beyond their control.

This is supported by the C.C.F., and on that account we support the principle of crop insurance. I am very sorry that in legislation of this type which for its successful administration requires, in my opinion, the closest co-operation between the federal and provincial governments, the Minister of Agriculture (Mr. Harkness) has not had consultations with the ministers of agriculture of the provinces or representatives of those provinces. I think that is essential before there can be sucess in the administration of any legislation of this type. In my opinion the whole success of this legislation is founded on successful dominion-provincial co-operation in this very important matter.

I want also to protest the late introduction of the bill. This legislation was mentioned in the throne speech. I believe it would have been far better if this legislation had been introduced earlier in the session. To introduce it in the dying days of the session, in my opinion, is not good enough. I think this is a sound criticism and the minister knows that my criticisms are usually quite sound. If it had been presented earlier in the session and then sent to a committee—we are very sorry that the bill is not being sent to the agriculture committee—the members of the house could have studied the bill and given it further consideration and the representatives of farm organizations could have appeared before the committee and expressed their views of this very complicated and difficult piece of legislation.

Before the bill was finally drafted and presented to this house there should have been the closest consultation between the representatives of the various provinces and the national farm organizations in Canada. Therefore, Mr. Speaker, we are very sorry that it is not the intention of the minister to have this bill referred to the agriculture committee of the house.

In conclusion, I simply want to ask the minister, to plead with him, in view of the great importance of this legislation and of its peculiar nature which requires co-operation from all those interested in its administration, through governments, through producer organizations to farmers themselves, to refer this bill to the agriculture committee and give the farmers' organizations of Canada an opportunity to appear before the committee and express their views, to make suggestions, and so on.

I think it is only fair to realize that this is experimental legislation. With the best of intentions, with all the consultation among the provinces and the farmers' organizations and the understanding of the farmers themselves, it at best can only be experimental legislation. Experience will no doubt indicate that there must be amendments, adjustments and improvements. On that account, we say that this is one bill that should have been presented to the provinces concerned. It should have been brought to this house at an earlier date; it should have been sent to the agriculture committee so as to ensure as far as humanly possible co-operation from all people interested, with a view to making it a success to the advantage of the farmers of Canada.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, on the second reading of this bill which provides for a very important part of our national agricultural policy for Canada I think I should put before the house some of the behind the scenes issues that are being fought here. I am not going to deal with the details of the particular clauses of the bill and discuss their pros and cons. It has been my hope over the past year or so that when the bill was presented to the house we would consider it soberly and with the idea that we are moving into a field that is brand new to any government in Canada. This has not been the case. We were suddenly confronted with the violent position taken by the leader of the C.C.F. party in the house that the bill was bad for Canada and particularly for western Canada.

The house cannot understand the significance of this speech unless we look at a little of the background of the whole situation respecting crop insurance in so far as it affects us in the province of Saskatchewan. Before I embark on that particular part of my remarks I should like to say that I am not going to talk a great deal about the Liberal position. We recognize their situation in the house in that they do not have many members from the farm areas, particularly from western Canada, who know of the long fight we have had for crop insurance. Their attitude is typical. The suggestion I got from them was that we should be very cautious and should approach this matter very carefully.

We can understand this attitude. Back in 1919 the Liberals proposed a health insurance scheme. We finally put it into effect in 1959. That is a period of 40 years.

Mr. Benidickson: Nonsense.

Mr. Hamilton (Qu'Appelle): The Liberals took a very cautious attitude in that regard and now the suggestion is that we are going a little too fast with crop insurance. The Minister of Agriculture (Mr. Harkness) quoted the Winnipeg *Free Press* today and I should like to quote this comment with regard to the contribution of the federal government which appeared in an editorial in the issue of July 2:

> Certainly the payment of half of the administration costs and one-fifth of premium costs will be interpreted by many people as another government hand-out to the farmer.

So the Liberal position, as I understand it, is that we are going too fast in meeting the problems of agriculture and that we are giving a handout to the farmers of western Canada and farmers generally throughout Canada.

Mr. Benidickson: Nonsense. You just will not disclose what your partners think about it.

Mr. Hamilton (Qu'Appelle): This attitude of the Liberal party indicates that we are moving too fast. They would like to take 40 years to carry out the job as they have done in the past.

Mr. Martin (Essex East): No, no.

Mr. Hamilton (Qu'Appelle): On the other hand, by contrast the government has recognized the need of agriculture in all parts of Canada. We have acted immediately because I think to have brought in as much agricultural legislation within two years as we have indicates the urgency that we consider this matter has. We realize that the crop insurance bill is new legislation but, Mr. Speaker, why criticize the legislation until it has been given a chance?

All this legislation involves is permission for the government to make agreements with the provinces whereby they can consider the individual needs of their particular parts of Canada and provide an actuarially sound crop insurance scheme in order to try to remove the effect of the ups and downs of the weather for farmers in every part of Canada. No position of criticism can be taken today that cannot be called irresponsible because not one agreement has been worked out. We want the bill passed so that those provinces that want to institute crop insurance to give some stability of income to their farmers will have a chance to propose their schemes and then we can work out a co-operative agreement between us.

The province of Manitoba has already indicated its willingness to propose a scheme and to enter into an agreement with us on a co-operative crop insurance program. I would suggest, in line with what the hon. member for Kootenay West (Mr. Herridge) has said, that there is a need to look at the bill on the basis of the needs of agriculture. I would suggest to him with equal seriousness that such legislation has been looked at, examined and discussed by farm organizations and political parties for at least 25 years to my knowledge. Proposals have been put forward and debated but the fact is that very few organizations have had the facts and figures on which to base a crop insurance scheme.

The only experience we have to go on is that with the spring wheat crop insurance scheme in the United States, the figures in the Manitoba crop insurance report and the figures from P.F.A.A. experience over a period of 20 years. On the basis of this experience we are confident that we can put forward an actuarially sound program that the farmers will support because they do not want relief but simply the chance to help themselves.

In the preliminary periods of the study of crop insurance most of the reports that were issued were pessimistic because they did not have the basic information which we think we now have on which to base a crop insurance plan.

Mr. Benidickson: Where did that come from?

Mr. Hamilton (Qu'Appelle): So you can understand why the early reports took a pessimistic attitude. The latest study we have is volume 9 of the report of the royal commission on agriculture and rural life in Saskatchewan.

Mr. Benidickson: We have all quoted that.

Mr. Hamilton (Qu'Appelle): This royal commission was appointed in 1952. It consisted of five people picked from the province of Saskatchewan who the C.C.F. government thought were capable of understanding the complexities of the problem and of issuing a report for the guidance of the province of Saskatchewan which has a C.C.F. government. The royal commission was established because the situation was such particularly in Saskatchewan that there had to be some form of coherent program put before governments on which they could act.

In our membership in this house, just as in the membership of the Saskatchewan legislature, you would not expect to find

people with the experience and the time to deal with this complex question and propose constructive programs. The royal commission has published its report in 14 volumes and it has been a matter of considerable interest to me why these reports were never quoted either in the legislature of Saskatchewan, whose taxpayers paid over half a million dollars to get them, or by the C.C.F. members in the House of Commons at Ottawa in the 1957 and 1958 sessions or in the present session. The first time I heard a member of the C.C.F. party quote these reports was in this debate.

As I read the speech of the hon. member for Assiniboia (Mr. Argue) he definitely left the impression in the house that the bill before us now is contrary to the recommendations of this report. That feeling which he left in the house, and which is also noted by any person who reads his first speech, is contrary to the facts. The only way in which we have differed from the recommendations in the report is that, first of all, we have gone further than the report recommends in the sense that we have offered to any province a scheme whereby they can bring their farmers into a crop insurance program and, second, we have not asked that the scheme be compulsory as the report recommends.

As I said in my remarks on the resolution, to those of us who have gone through the galling experience of nine years of drought where 80 per cent to 90 per cent of our people were forced to their knees and compelled to take relief, this is the type of thing we thought was a practical approach to one of the problems facing agriculture in a drought area. We therefore pledged ourselves that if we ever reached the position where we could do something about it we would bring in some form of crop insurance in order to give the farmers some opportunity to pay an insurance premium so they would not be ruined by these years of poor crops or in the case of some other catastrophy.

Therefore when I hear in this house the suggestion that it is wrong for me to speak of these things, my mind goes back to the day when the freight cars pulled up to our small towns in Saskatchewan and brought us tons of dried codfish. At that time the farmers lined up to the doors of those boxcars to take those big flat things we had never seen before. We were told, "This is to feed yourselves with." I well recall that in our district we heard that there was a farmer about 60 miles away who came from New Brunswick and who knew how to cook these things. We thought they were snowshoes. This farmer made a big reputation for himself simply by giving the advice that before you eat the things, you boil them or soak them in water for twenty-four hours. I remember a carload of apples coming in from Ontario and I remember clothing being distributed.

It is bad enough when sometimes a calamity hits a community by way of fire or earthquake and a few thousand people receive help through the generosity of their neighbours and their fellow citizens. But when a whole area of a country feels this not just for one year but year after year for seven or eight years, you can understand the feeling with which we approach this bill. Now what happens? I think I can say with some proof that over the years in Saskatchewan every political party has supported the idea of crop insurance. I can say with complete accuracy that in the debate in the legislature in Regina this February on the speech from the throne C.C.F. speakers supported crop insurance and Liberal speakers supported crop insurance. I have clippings here to demonstrate the truth of what I say. This one is dated February 17 and is from the Moose Jaw *Times-Herald*. It is a Canadian Press dispatch:

> A.L.S. Brown (CCF—Bengough) told the Saskatchewan legislature Monday this province is willing to take part in a crop insurance policy with the federal government.

And so on right down the line. Later on in another debate there were 16 speakers spoke. This is the whip of the Liberal party speaking and this is a quotation from the *Star-Phoenix* of February 27, 1959. It reads as follows:

> He favoured crop insurance, to help contend the "natural hazards," and some form of farm credit to aid young farmers get started.

Here is a legislator from Saskatchewan representing a rural riding, the whip of the Liberal party, joining with the C.C.F. speaker, Mr. Brown, one of the most experienced members the C.C.F. have in the legislature, calling for crop insurance and help for young farmers. That is exactly what this government is doing. It is trying to meet the farmers' needs all across Canada, something which is supported by political parties of every stripe in Canada, yet we meet this sort of attack that we get from the hon. member for Assiniboia.

Naturally enough, I was suspicious of what was going on. I wondered about this contradictory position. I knew that all these members of the royal commission supported crop insurance and they still do. I knew that Mr. Nollet, minister of agriculture in Saskatchewan, had expressed support for crop insurance a few months ago. I knew that Mr. Brown, C.C.F. member for Bengough, had

been willing to co-operate. I have seen the resolution passed by associations over the years and right up to this very last year. Then all of a sudden we get this doom talk by the hon. member for Assiniboia. I have therefore been putting two and two together. We heard the Minister of Agriculture say today some harsh words about a reporter in the press gallery for having written a story that went all across Saskatchewan in three papers, I understand, dealing with this matter of crop insurance. This report which is dated June 30, 1959 from the Regina *Leader-Post* on the front page bears the heading "Prairie Farm Assistance Cancelled". Sometimes we blame these headlines on the headline writers who are different people from the men who write the stories. But the opening paragraph clears away that little matter. This is what the opening paragraph says:

> The cancellation of prairie farm assistance emerged as a surprise package in the new federal government crop insurance proposals announced Monday afternoon in the commons.

The Minister of Agriculture has made it absolutely clear that this is completely false. Yet the hon. member for Assiniboia stands up in the house and says that this reporter is not only conscientious but is accurate. Reading on in this story a little further, I read this:

> In the debate C.C.F. house leader Hazen Argue heaped praise on the P.F.A. legislation and on its Commons instigator, former agriculture minister Gardiner.

I have read through that speech twice and I have not been able to find that the hon. member for Assiniboia mentioned Mr. Gardiner. Where did Moon get hold of this doom? There must have been collaboration outside of this house that is not recorded in *Hansard*. I asked the hon. member today to quote what he is reading from. I saw him reading from the transcript of one of these pieces of paper that roll through the linotype machine that transmits a message across the country and he says, "I obtained this from the press gallery". It is my conviction that if you are reading it at the very moment the thing is not printed yet. But the hon. member for Assiniboia reads these accurate reports to the house.

Why this alliance between gloom and doom? He praises Mr. Gardiner. All you have to do is praise Mr. Gardiner and then you are put on a high pedestal in the *Leader-Post* in Regina. Mr. Gardiner is a fairly doughty little man and he does not need much protection from the hon. member for Assiniboia. Why this sudden lovemaking between these two people? I will leave that matter to your imagination, Mr. Speaker. I can go on and read through these clippings and point out the inaccuracies. I would suggest to the hon. member for Assiniboia that if Moon is as accurate as he claims, let him print this fact. I say in this house that this royal commission report is repudiated in effect by the hon. member for Assiniboia in his remarks in this house.

Mr. Argue: It is repudiated by this government.

Mr. Hamilton (Qu'Appelle): I say flatly that the royal commission report is accepted by this government with these two differences. One is that we did not bring in the compulsory feature and the second is that we went farther than the royal commission report recommended. They wanted just to have three experimental units to start with. There is nothing to stop the Saskatchewan government from making an agreement with regard to these three experimental units. We simply made it possible to do it all over the province all at once. I should like to suggest that if the reporter is conscientious and accurate in reporting what goes on in this house let him tell the people of Saskatchewan why the C.C.F. are really opposed to crop insurance, why they supported it back in February and oppose it in July. I will suggest to you the reason, Mr. Speaker. It is the same reason that gripped them a year ago February. When we brought in the farm stabilization act they saw their death knell being rung. They see the end of the C.C.F. party in the west because this is going to be the first step in removing the causes of friction between the government and the farmers. The C.C.F. would have nothing left about which to howl.

They called the farm price stabilization bill every name of which they could think in this house and get away with. The remarks of the former hon. member for Springfield, Mr. Schulz, still ring in my ears. I took those same remarks made by Mr. Schulz and read them to farm audiences across the prairies during the last election. The result was that Mr. Schulz, and his extreme remarks, are no longer in the house. I am suggesting that the real fear of the C.C.F. at this moment over the very fine start that we have made in this very complex problem of crop insurance is that they see us removing another great fear of the farmer of these sudden catastrophes that hit him. The result is that they have one less thing for which they can hammer the federal government and by which the provincial government of Saskatchewan hopes to avoid its responsibilities.

Let Mr. Moon tell the people of Saskatchewan that is the real reason for the C.C.F. party's change of opinion at this time. It is not because the people of Saskatchewan do

not want crop insurance, it is because the C.C.F. are afraid if we put in crop insurance the C.C.F. government will be caught short. They know that if this bill goes into effect before this parliament closes the Saskatchewan legislature will have to act. There is only another year before that provincial government must meet the people and they do not want to have to enact something that will remove grievances the farmer has because they want these grievances with which to pound the head and shoulders of the federal government. I would suggest to the hon. member for Assiniboia, as I have suggested before, that his exaggerations in this house have ruined his effect on the house as a serious member. If he supported crop insurance in the past, he should not turn his back on ten or fifteen years of espousing the thing in order to save a provincial party. He should think of the farmers of this country first. The C.C.F. party knows that the next piece of legislation to come forward is equally potent medicine in helping to cure the ills that beset the farmers.

As I read these clippings that have come into my hands within the last few days, and as I hear the provincial treasurer of Saskatchewan calling this bill an insult to the government of Saskatchewan, I wonder what precipitated this somersault. Mr. Fines' reputation is unassailable. He has been in office 15 years and he has shown a surplus of $12 million or $15 million every year. He has steadily reduced the debt of Saskatchewan until it is now in the neighbourhood of $20 million. Every time the C.C.F. members talk about something to help the people of Saskatchewan he says, "Oh, no; before I leave this office I want Saskatchewan to be absolutely clear of debt." Has this government ever let a few dollars of debt stop it from doing what was necessary, either in the way of old age pensions or something for the workingman or the farmer? We see our duty and we do it. We ask the people of Canada to support us in this type of legislative action which gets at the real problems with which the people of this country are faced. Mr. Fines has a good reputation, and yet he tells the C.C.F. members, you will have to hold off until we get all these debts cleared off before we do anything.

If I were in the provincial government of Saskatchewan and I knew the majority of the people had expressed their desire for crop insurance I would be prepared to let the debt remain for another year in order to give the people some security so that they could sleep at night without worrying what might happen if a disaster from weather hit them. I have said enough here, Mr. Speaker, to make it clear that this opposition to the bill is opposition born of desperation in attempting to enable the C.C.F. government to avoid putting in crop insurance legislation. On that ground, I would suggest that hon. members here should not play any part in delaying this bill in any way just to save a political party some embarrassment. You can have all the committees you like but you cannot do a more thorough job than has been done in all these reports, and particularly this one which represents a four-year study. Every time there has been a meeting before, the lack of adequate figures has always been a pressing problem. This report does make an attempt to give us the figures, and with the figures we have collected from other places I think we have a chance of making this crop insurance plan succeed. If it does succeed, then those who are members of the house at this time may say, we did help the farmers move toward a position of self-help from which they can attain reasonable equality with the rest of Canada. Every one of us should be proud to be here and support such a bill.

[Mr. Hamilton (Qu'Appelle).]

Hon. Paul Martin (Essex East): Mr. Speaker, there were some observations in the speech to which we have just listened which I think merit some comment from those of us who sit in the official opposition. Of course, the quarrel between the minister of northern affairs and the hon. member for Assiniboia (Mr. Argue) which has obviously taken on heat today, interesting as it is, is one that can only be resolved by those two gentlemen. I would not want in any way to add to the nature of this dispute; I would not want to add to its intensity, although I admit it is a very interesting controversy. I repeat, it is one which can properly be resolved only by these two gentlemen.

But in the course of his remarks the minister did make one or two observations which I think marred his political endeavour today. I think what he has said, and I say this in a kindly way to the minister, was largely in the nature of a political diatribe which did not add very much to the information of this house. It was a rather acrimonious and vigorous defence of the administration, and from that point of view of course the minister's participation is understandable. He said that the attitude of those of us sitting in the official opposition, while not one of opposition to the measure was one that could hardly be regarded as full support. We were suggesting caution; we were suggesting care; and the consequences of our advice were that the measure would be delayed unnecessarily. Of course, the hon. gentleman must accept responsibility, along with his colleagues, for the introduction of this measure at this late stage of the session.

There is an obligation on the part of the opposition to give careful attention to all matters put forward by the government, and we would not be doing our duty if we did not examine this bill with all of the thoroughness we could possibly command. It was for this reason we suggested it would be advisable for the minister to agree to send this bill to a committee so that it could be carefully studied, so that there would be an opportunity given to the Canadian Federation of Agriculture, to the interprovincial farm union and to the provincial governments themselves to indicate to the committee their feelings in the matter. The provincial governments could indicate how much participation could be expected by provincial governments. We could learn the view of the various farm organizations. Certainly, this is not an unreasonable proposal. If the government decides that that is not the kind of thorough investigation they want, well then there is of course nothing that we on this side can do.

The government has a huge majority, and if it wishes to take a particular course there is nothing that can be done, but surely the Minister of Northern Affairs and National Resources (Mr. Hamilton) does not expect us to fail in the performance of our obligations as we see them. One of these is to point out that one of the weaknesses of this measure is that it is not receiving the kind of hearing that a measure of this sort should receive. This is a measure which depends for its success on the attitude taken by the provinces. Since there is not going to be any feature of compulsion about the measure, it will depend solely for its success on the co-operation and the support which it will receive from farmers from one end of Canada to the other. The minister, when he spoke, spoke only of the prairie provinces; he keeps forgetting that there are farmers in other parts of Canada, too, and they should have the advantage of this or any other similar legislation.

Whatever weaknesses in this measure become apparent later on will probably prompt suggestions that those weaknesses could have been eliminated if a proper study which we propose had been accepted by the government. The minister of northern affairs said it was not necessary to have any further discussions on this matter. I think he said that the federation of agriculture—and if I am wrong in this the hon. gentleman will correct me—had already given an indication of its position with regard to this measure. If that is so, I wish the minister could have given us more particulars. It would be interesting to know whether or not the federation of agriculture has carefully considered the provisions of this bill. It will be interesting to know whether the minister had acquainted the council of the federation, not with all the details but with the broad terms of this legislation. We do know that the interprovincial farm union, in a statement I saw the other day in the newspapers, has expressed some concern over this particular measure. I do not want to call that a condemnation of the bill, but certainly it would be desirable and helpful if, in committee, we were able to interrogate members of the interprovincial farm union not because they would oppose the principle of the bill, and not because we oppose the principle of the bill, but because the principle behind this bill, being sound, deserves to be incorporated in legislation which would be the most effective possible. The answers to the questions we keep putting to the minister—questions about the attitude of the provinces—do not convince us that this bill, good as it is in its present form, will satisfy the expectations which have been raised.

The minister of northern affairs said that this government was not like the Liberal government, it did not wait 22 years to bring in crop insurance, and it did not wait all the time the Liberal government did before bringing in hospital insurance. Of course, that struck a personal note and that is one of the reasons which brought me to my feet. I will tell the minister the differences between Liberal governments and Conservative governments. The present Prime Minister (Mr. Diefenbaker) said that his government would bring in a comprehensive scheme of crop insurance. We do not have before us a bill which represents a comprehensive scheme of crop insurance. The undertaking and assurance given by the Prime Minister in this matter certainly has not been met by this bill. When we proposed a system of hospital insurance, it did take some time. It took some time because we could not possibly proceed with it unless we had the co-operation of the provinces, and we did not propose to put on the statute books of this parliament a measure of that nature unless we knew we would have the support of a sufficient number of provinces who would come into the scheme. Prior to the introduction of that measure, unlike the present administration in regard to the bill now before us, we did have conferences with the provinces, we did talk this question over with them, and we did reconcile our differences. Finally, we were able to bring forward an act which has won the support of eight, and possibly nine, of the provincial governments.

Moreover, the minister of northern affairs was a little confused. He began to say that they had brought in not only crop insurance

but hospital insurance, forgetting, of course, that the hospital insurance act, which had been preceded by consultations with provincial and voluntary bodies, was placed on the statute books by a Liberal government at a time when the Right Hon. Louis St. Laurent was prime minister of this country. It seems to be necessary to remind some hon. gentlemen of that fact, and apparently it is necessary to remind the minister of northern affairs with regard to what really took place. I suggest to him that if he looks on the hospital insurance measure as one which occasions a comparison between the techniques of the two governments he might well have observed the superior technique employed in the matter of the hospital insurance program.

That bill was, as I say, preceded by conferences with the provinces, conferences with hospital associations, with medical bodies and so on whereas, according to the words of the Minister of Agriculture (Mr. Harkness), this particular bill has been preceded by no consultation whatsoever either with the provinces or with the various farm organizations. It is true that about a year ago the minister had a meeting with the provincial ministers of agriculture to discuss crop insurance, as he said, in a very general way, but the particular proposals embodied in this bill were, according to his own admission, never discussed with any provincial government or farm organization. Despite that, this government persists in denying parliament the normal process of investigation and assessment, namely referring this matter to the committee on agriculture.

The minister of northern affairs in his very interesting discourse this afternoon spoke of the body which was set up in Saskatchewan in 1952, the royal commission on agriculture and rural life. He said that no one had referred at all during the course of the debate to the report made by that body. The hon. member for Kenora-Rainy River (Mr. Benidickson), who was the first to speak for us in this group, did refer to that report, and in fairness to the hon. member for Assiniboia I may say that I well remember that he did so as well. Of course, all the way through this debate, this report which I have in my hand was referred to by hon. members, and why the minister of northern affairs who spoke of this as the most monumental study of its kind in Canada should yet have refrained from referring to some of its very definite recommendations is very difficult to understand.

This bill does not come forward in full conformity with the assurances given by the Prime Minister. This bill is not a generous bill. This bill deserves support because it establishes the principle of crop insurance. But I say to hon. gentlemen opposite that if they really want to live up to their election promises, if they really want to do something that is going to have the most efficient results, they should unhesitatingly have taken the provinces into their confidence. I suggest to the Minister of Agriculture that when we come back to parliament it will be interesting to find out whether any more than one province will have taken advantage of this measure. I ask the Minister of Agriculture now: will the province of Ontario take advantage of it? Will the three western provinces, other than Manitoba take advantage of it? Will British Columbia, or will the maritime provinces, or will the province of Quebec take advantage of it? I ask the Minister of Agriculture a second time in this debate, is there any indication that he can give us as to the likelihood of their acceding to the proposition embodied in this bill?

We were told this morning that the province of Manitoba is going to come in but the Minister of Agriculture admitted in answer to a question put to him by me that the province of Manitoba had indicated last December its intention of introducing a scheme of crop insurance whether or not the federal government brought in such a scheme. It cannot be argued that the establishment of a crop insurance scheme in the province of Manitoba has been made possible because of the initiative taken by this government. That, to use the words of the Minister of Agriculture himself, is simply not the case.

It is true that Mr. Willis did say the other day that although he had not seen the bill he was happy that it had been introduced. It cannot be argued from those words that the government of which he is a member was in any way influenced by the initiative of this government. I ask the Minister of Agriculture, having in mind the limited character of this measure where the federal government is going to pay only 50 per cent of the cost of the administration unlike the greater financial responsibility assumed by governments in the United States with regard to such a measure and having in mind that the federal government is going to pay only 20 per cent of the premiums, is it unfair to suggest that one of the reasons why this government in the dying days of this session has brought forward this legislation is that it would be embarrassing for the government and for some of its ministers in particular going out to western Canada in the face of their promises for a broad crop insurance scheme to find that the only government in Canada that had brought forward such a measure was the province of Manitoba?

Mr. Speakman: What about Alberta?

Mr. Martin (Essex East): My hon. friend says, "What about Alberta?"

Some hon. Members: What about it?

Mr. Martin (Essex East): My hon. friend asked the question.

Mr. Speakman: They have already legislated for it.

Mr. Martin (Essex East): But I am talking about this measure and whether or not this particular bill is responsible for provincial action. I say that whatever evidence we have before us clearly indicates that there are not going to be very many provincial participants and that the province of Manitoba has brought in its scheme entirely without regard to any possible action taken by this government.

There are some features of this measure which the Minister of Northern Affairs and National Resources (Mr. Hamilton) overlooked. I think that on reflection he would agree that crop insurance would probably not be feasible in areas of exceptionally high risk, and yet is that not a very important consideration that should be noted? As a matter of fact this observation will be found at page 102 of the very report to which the Minister of Northern Affairs and National Resources directed our attention. He did not mention that when he spoke of the report as a complete endorsement of this bill.

This report is not a complete endorsement of this bill. This report is a clear indication of the inadequacies of this measure. At page 98 of the report I find this conclusion, No. 49:

> Group indemnity insurance offering relatively low coverage is the only type practical for the majority of farms in intermediate and high risk areas.

The Minister of Northern Affairs and National Resources did not tell us that. When the commissioners talk of the only type of practical relief in high risk areas, let it not be forgotten that what they undoubtedly had in mind was what the minister of agriculture in the St. Laurent government brought to this country and to western Canada, P.F.A.A. The Minister of Northern Affairs and National Resources complained about the tribute paid by the hon. member for Assiniboia to the former minister of agriculture in the last Liberal government. What about the tribute paid to Mr. Gardiner by the present Prime Minister? That tribute was put on *Hansard* the other day by the present Prime Minister. In those words the Prime Minister acknowledged that it was due to the initiative taken by Mr. Gardiner that we have P.F.A.A. and that is the very kind of assistance which at page 98 of the report the commissioners said they thought had to be borne in mind.

The Minister of Northern Affairs and National Resources gave us the impression that what he wants to do is to woo the farmers of Saskatchewan in particular with less federal support as provided for in this bill than is now provided for under P.F.A.A. We must not forget that the minister told us that a farmer could not have the benefits both of this measure and of P.F.A.A. The only conclusion we can draw from the words of the Minister of Northern Affairs and National Resources is that this is a very clever political scheme to give to the farmers less than they are now getting under legislation introduced by a Liberal government and characterized by the letters P.F.A.A.

One will find at page 17 of this report, the conclusions of which were made public in 1956, I believe, the commission having been established in 1952, that the commissioners go on to point out:

> Particularly high risk areas present problems beyond the scope of crop insurance as such, and relief for these areas probably requires a separate and distinct government program.

That, of course, is P.F.A.A. At page 90 of the report there is another reference that the Minister of Northern Affairs and National Resources seemingly overlooked and which I feel deserves to be put on *Hansard* right after his speech. The commissioners go on to point out at page 90:

> Some failed to give sufficient consideration to excluding submarginal farms and those farms in the areas of highest risk from participation in a crop insurance program.

Why did the minister of northern affairs fail to cite this particular reference? Surely a crop insurance scheme to be effective must help not those who do not need it but those who in the light of experience are likely to require that kind of assistance more than any other group. They will be excluded under this bill and they are the people by whom help in this particular is most needed.

And so one could go on referring to other passages in this report which clearly indicate that one can be in support of crop insurance without accepting in every particular a measure that does not satisfy all of the recommendations made in a study so profound as that made by the royal commissioners on agriculture and rural life in the province of Saskatchewan.

Mr. Harkness: It goes beyond that.

Mr. Martin (Essex East): The Minister of Agriculture says that it goes beyond. That is argument by assertion. It is nothing else. The minister has not indicated that to be so in anything he has said nor has anyone else on the other side of the chamber indicated that that is the case.

Mr. Harkness: The Minister of Northern Affairs and National Resources indicated that and quoted the passages.

Mr. Martin (Essex East): I listened to the hon. gentleman and I must say the passages he quoted certainly were not the kind of passages which reveal the type of understanding of the problem which I thought he as one coming from the province of Saskatchewan would have. It should not be for a lawyer from Ontario to have to point out to so knowledgeable an hon. gentleman as the minister of northern affairs some of the weaknesses which attended his presentation today.

Mr. Churchill: Why do you presume to speak on it, then?

Mr. Harkness: Everybody will take your representations at their true value, all right.

Mr. Martin (Essex East): I am sure that is the case, as the Minister of Agriculture is finding out by the criticism which this bill is receiving from one end of Canada to the other, criticism which is now mounting almost as high as the criticism against the government's amendments to the Unemployment Insurance Act which indicated how unpopular that particular measure was.

Some hon. Members: Order.

Mr. Martin (Essex East): Mr. Speaker, the hon. member for Kenora-Rainy River, who led off for us in this matter, did not speak with any political design, as the minister for northern affairs suggested. He spoke of the inadequate coverage, the inadequate features of this particular measure. He said that it seemed designed to satisfy in principle, if not in fact, the assurances given by this government during the course of the election. He said that it was not designed, however, by this government to encourage wide provincial acceptance and participation. Now, is that an unfair argument to make once again?

The value of this bill will lie only in the fact that it will be supported by at least a substantial number of the provinces of Canada. We know of only one province which has given any indication of some satisfaction with this measure. What about the province of Ontario, the largest province of Canada? What about the province of Quebec, the second largest province of our country? There are more farmers in these provinces than in all of the other provinces of Canada. While one does not want to deny to a minority group of provinces their rights, one has the right to ask the Minister of Agriculture whether this measure is going to be accepted by governments representing a large proportion of the farming community. There is not a word from the minister. Why? Because he has never consulted the provincial governments.

Today we have in the city six provincial premiers. I do not know whether the Minister of Agriculture enjoyed social intercourse with those gentlemen last night when the government of Canada properly entertained them, but if he did I wonder whether he ascertained from the premier of Quebec his intentions with regard to this measure? It is true that the premier of Ontario was not there but his provincial treasurer was there and I think he knows something about Ontario agriculture. Is it the intention of the province of Ontario to participate in this scheme? The premier of British Columbia was there. Is it the intention of the province of British Columbia to participate in this particular proposal? If the answer to these questions is in the negative; if the answer is that we do not know, that surely is not sufficient. Surely the federal government at this time, with regard to a measure that seeks to provide, in the language of the Prime Minister, a comprehensive scheme of insurance, should have designed it with full knowledge of the attitude of the provinces because theoretically they are going to be called upon to bear a greater burden than the federal government.

Mr. Harkness: No.

Mr. Martin (Essex East): The minister says "no". The federal government is going to pay 20 per cent of the premium. Who is going to pay the other 20 per cent?

An hon. Member: Who repays the loan?

Mr. Martin (Essex East): Who repays the loan? Is it the government or is it the people? What percentage of the premium is going to be paid by whom, by the provincial government? Is the province of Manitoba going to pay 40 per cent?

Mr. Bigg: Is the government not the people?

Mr. Martin (Essex East): I will say this, some governments do not represent the people and I believe that this government increasingly does not represent the people. We should have had from the minister some indication as to how the remaining portion of the premium was going to be borne.

Mr. Harkness: You have had that.

Mr. Martin (Essex East): In what proportions?

Mr. Harkness: I have told you repeatedly it is up to each individual province.

Mr. Martin (Essex East): That is no answer. That is the answer the minister gives. He brings this forward and says it is a great

measure; it is going to give insurance to the farmers who will have suffered losses of crops because of damage for one reason or another. Yes, we are going to pay 20 per cent and the other 80 per cent, he says in effect, is going to be paid by someone, the province or the farmer. But does my hon. friend think seriously that any farmer is going to participate in a scheme if the provinces do not bear a greater proportion of the cost than 20 per cent? The Minister of Agriculture is in the unfortunate position in piloting this measure of not being able to give to this house one single bit of information as to the share which any province is prepared to bear.

Mr. Harkness: I wonder whether the hon. member would let me answer the question he just posed as to whether I think any single farmer is going to participate in this scheme. As a farmer I would be delighted to enter into a scheme of this kind, as would every one of my neighbours I think in the entire area of western Alberta in which I live.

Mr. Martin (Essex East): I thank the minister for saying that. I would think that what my hon. friend's fellow farmers will do is this. I am sure they will want to participate in this scheme if they can be told whether it is going to be economically possible for them to do so.

Mr. Jorgenson: Will the hon. member permit a question?

Mr. Martin (Essex East): Let me finish this. If the province is going to bear finally, say, not more than 20 per cent, I would be very surprised if my hon. friend himself would participate in such a scheme and it would be very interesting to ascertain next session whether the farmers in the particular unit in the province that my hon. friend mentioned will subscribe as readily to this scheme if the province is not prepared to bear a greater premium burden than is now being assumed by the federal government.

Mr. Jorgenson: Will the hon. member indicate just what percentage of the premiums the hail insurance companies pay for the farmers and what percentage of the premiums the government pays on the life insurance and the fire insurance policies?

Mr. Pearson: That is a fine parallel.

Mr. Martin (Essex East): What my hon. friend forgets is that the government in presenting this measure has said that it is something better than the contractual arrangement between the private insurance companies and the insured. The Minister of Agriculture compared this with unemployment insurance. This is what he compared it with. Unemployment insurance is quite different from private insurance. In unemployment insurance there are two contributors and in addition the state.

Mr. Bigg: It is not insurance.

Mr. Martin (Essex East): My hon. friend says it is not insurance. He is contradicting the Minister of Agriculture who said this scheme would be proceeded with on an actuarial basis. All I can say to my hon. friend from Manitoba is this. He is a farmer. He lives in Manitoba and, as a farmer, he knows full well that no farmer is going to assume the obligation of paying premiums which he cannot afford economically to bear. The only way he can determine that is by knowing what is going to be the contribution made by the federal and the provincial governments. When he ascertains that, then he will be in a position to determine whether or not it is a scheme to which he should become obligated.

Because the minister has not given us this information, because he has refused to set up a committee to which the provinces could come and make representations, because we are denied the opportunity of discussing this measure clause by clause in committee with farm organizations, we are in the position where we will support a bill the full measure of which cannot be properly assessed in the absence of this kind of additional study and those additional representations. The minister is asking for a blank cheque; he is pursuing a policy and a technique characteristic of all Tory governments.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): A blank cheque with no indication that this measure will do the job intended. All he can say in support of the measure is that this is a valuable bill because it recognizes the principle of crop insurance. I say to the minister that that is one good argument. The bill is valid for that reason in that it is a recognition of the principle of crop insurance, but when you come to the House of Commons with a bill it ought to be possible to make that bill the best possible measure that can be conceived. That has not been done because the government has brought forward this enabling proposal without consulting the provinces and the farmers concerned, and on that account the minister cannot help but leave with the membership of this house and with the people of this country the impression that the real reason for bringing forward this particular bill at this particular time and in this manner is that the initiative taken by the province of Manitoba has forced the government to do some window dressing.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, we listened with great attention, a few minutes ago, to the Minister of Northern Affairs and National Resources (Mr. Hamilton). He said, among other things, that the Liberals were accusing the government of acting too hastily. I would like him to shed those illusions, for we do not propose to do so. We never accused the government of acting too hastily, but rather of failing to act at all. However, in the present case, we are accusing this government of proceeding somewhat haphazardly.

The minister asked us what was the basis for our criticism of a legislation not yet tried out. On many occasions, during this session, we have realized that the opposition's constructive criticism has made possible certain improvements of the legislation which had been introduced. Moreover, I think it is our responsibility to advance the arguments of those we represent here.

Legislation has now been submitted which tends to establish a crop insurance scheme, and the minister stated that the federal government undertakes to pay 50 per cent of the administration costs, 20 per cent of the amount of premiums asked, and to loan the provinces 75 per cent of the sum required for indemnity exceeding $200,000. Therefore, the provinces will have to bear the burden of 50 per cent of administration costs, or else the farmers bear it.

The Minister of Northern Affairs and National Resources, who rose in support of his colleague, the Minister of Agriculture (Mr. Harkness), dealt only with the problems of the west. I presume that he failed to dwell on the issues facing the eastern provinces because a colleague, that is one of the four ministers from the province of Quebec, might speak on behalf of eastern or Quebec farmers.

As can be seen on page 5230 of the official record of this House of Commons for June 29, 1959, the Minister of Agriculture stated:

> As one would expect, the provinces which displayed most interest in it were the three prairie provinces which were all interested in a system of crop insurance and in instituting such a system at the earliest possible time.

We may remember that these provinces have benefited in the past under the P.F.A.A. and that, since 1939, farmers have received, under that legislation, $204 million in the form of deficiency payments half of which had been underwritten by Canadian taxpayers. Therefore, the P.F.A.A. forced all taxpayers to contribute part of the assistance given to the prairie farmers. Now, under this act, which does not apply in a province like Quebec where mixed farming is practised, taxpayers, as I say, will be called upon to subscribe to legislation that will not solve their problems in any way.

I would not like it to be said that I am taking a negative attitude towards western farmers; rather it should be considered a positive one with regard to eastern farmers, and more particularly those of the province of Quebec.

I was pleased a few moments ago, to hear the hon. member for Kootenay West (Mr. Herridge), support the remarks of my colleague, the hon. member for Drummond-Arthabaska (Mr. Boulanger), especially when he said that this act should apply not only to a single area, but throughout the country. I wonder if this act is viewed with favour in the eastern provinces. We have heard members discussing the matter, and there have been many quotations from western papers, but none from eastern papers, as far as I know. Are we to conclude that this bill is not eliciting as much interest in the eastern parts of the country as was expected by the government? Are we to conclude, having heard only from the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), that other members from the province of Quebec feel that this act would be of very little help, and that it requires our farmers to pay contributions to a plan which cannot settle their problem and will be of no help to them.

The opposition has mentioned repeatedly that this bill on crop insurance should have been referred to a committee. That, it seems to me, would have been the logical procedure in the circumstances, because then the government and the minister would have had the opportunity of consulting farm organizations, such as the U.C.C., the Coopérative Fédérée, the Interprovincial Farm Union or the National Federation of Agriculture.

The result is that this bill has been introduced without the provinces having been consulted, as the minister himself admits, though the provinces are expected to bear an additional burden. I recall that, just a few weeks ago, while visiting my constituency, the Minister of Defence Production (Mr. O'Hurley) stated that the present government does not favour centralization and that its aim is to hand back to the provinces the rights to which they are entitled.

(Text):

Mr. Deputy Speaker: I regret to interrupt the hon. member but it being five o'clock

the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

DOMINION-PROVINCIAL CONFERENCE

STATEMENT ON CONCLUSION OF MEETINGS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I wonder if I might have leave of the house to revert to motions for the purpose of making a brief statement on the dominion-provincial conference of the Ministers' of Finance and provincial treasurers which has been held in Ottawa yesterday and today.

Mr. Deputy Speaker: Has the minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Martin (Essex East): Mr. Speaker, before the Minister of Finance does that, I presume this will not preclude an opportunity for the Leader of the Opposition to comment if he wishes to do so. I do not know whether or not he wishes to do so. It may depend on what the Minister of Finance says.

Mr. Deputy Speaker: Is it the pleasure of the house that the Leader of the Opposition be permitted to make a statement?

Mr. Argue: And a representative of this group, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Argue: I think a very proper point has been raised. I am very much in favour of giving the Minister of Finance unanimous consent to revert to motions but if we revert to motions then we revert to motions within the regular practice of this house.

Mr. Deputy Speaker: It is also quite usual for the leader of the C.C.F. party to be permitted to express his views. Is it the pleasure of the house that the Leader of the Opposition and the Leader of the C.C.F. party be permitted to comment?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): Mr. Speaker, the report will be very brief. The meeting assembled yesterday and concluded its meeting this afternoon. The conclusions of the conference have been inscribed in a communiqué that is being issued this afternoon. With the leave of the house I should like to table a copy of the communiqué.

Mr. Martin (Essex East): Read it out.

Mr. Argue: Can the Minister of Finance say whether or not a further meeting similar to this one is scheduled for October or some date in the fall and whether it is expected that it will be a meeting preliminary to a full-fledged federal-provincial conference on financial questions?

Mr. Pearson: Mr. Speaker, I cannot imagine that a communiqué from this conference will be very long. Instead of tabling it perhaps the minister might read it so that members can decide whether it is worthy of any comment.

Mr. Fleming (Eglinton): Mr. Speaker, the communiqué is a lengthy one. I am sure that the Leader of the Opposition (Mr. Pearson) would like to have the opportunity of perusing it before making any extended comment on it.

In reply to the question I may say that the committee of ministers of finance and provincial treasurers has agreed to hold its next meeting in Ottawa on October 15 and 16.

As to the other questions, it was regarded by the committee of ministers that they were engaged on a work that was a necessary foundation to any plenary dominion-provincial conference that might be held whenever it might be called.

Mr. Argue: May I ask the minister whether he agreed to such a plenary conference at a later date?

Mr. Fleming (Eglinton): No. This conference was not called to deal with that question.

Mr. Pearson: May I ask the minister whether there was not on the part of various provincial representatives a request for a plenary session and is the government not going to accede to that request in any way?

Mr. Fleming (Eglinton): A number of the provincial ministers did request that a plenary dominion-provincial conference should be held before the end of 1959.

Mr. Pearson: May I ask what was the reaction of the government to that request?

Mr. Fleming (Eglinton): It is a little premature yet to deal with that question. A request was made for a conference before the end of 1959. Naturally that is a matter that will have to receive consideration in the light of this expression of opinion on the part of the representatives of a number of the provinces.

Mr. Martin (Essex East): What about the government's promises?

Mr. Argue: Did the Minister of Finance at this conference express general willingness that such a plenary conference should be held before the end of this year?

Mr. Fleming (Eglinton): No, the Minister of Finance did not say whether such a conference should be held or should not be held. He simply indicated that this present conference was called for the purpose of discussing subjects to be referred to the federal-provincial continuing committee on fiscal and economic questions. So far as a plenary conference is concerned, it was recognized that that will be a matter for decision by the government.

Mr. Pearson: May I ask the minister whether the provincial representatives expressed disappointment at this continuation of a study group instead of action by the federal government?

Mr. Fleming (Eglinton): No. There was on the whole every evidence of full co-operation in the proposal that the committee has endorsed, namely the reference to the continuing committee of a number of important subjects for study and for report back to this committee of ministers.

Mr. Argue: May I ask whether or not the optimistic attitude and the feeling of good will at the conference was not based largely on a belief that a plenary conference would in fact be held in 1959?

Mr. Fleming (Eglinton): There certainly was an atmosphere of great good will at this conference. I think that the harmony which has prevailed is best illustrated in the decisions that were taken in line with the proposal originally made by the federal government that these questions in their full breadth, as will be seen by the communiqué, should be referred to the continuing committee for study and report back to this committee of ministers.

Mr. Pickersgill: I wonder whether the minister would agree to having the communiqué, if the house agrees, made an appendix to *Hansard* so that it would be there for our convenience?

Mr. Fleming (Eglinton): I am entirely agreeable to that suggestion.

Mr. Deputy Speaker: Is it agreed that the communiqué referred to shall appear as an appendix to *Hansard*? Agreed.

Mr. Martin (Essex East): May I ask the minister if I am not correct in saying that yesterday at least three of the provincial premiers took a strong position and called upon the government to convene what has been popularly referred to as a full-fledged conference at the earliest possible moment and that among those premiers were Premier Roblin of Manitoba, Premier Bennett of British Columbia, the premier of Quebec and the provincial treasurer of the province of Ontario, and that in reply the Minister of Finance is said to have observed that he was not in a position to express any views as he had no authority to commit the government?

Mr. Fleming (Eglinton): When the hon. gentleman used the expression "earliest possible moment" he is quite wrong. Therefore the answer to his question must be no. As to the observations of the Minister of Finance on the occasion in question, I think I have already indicated those in my reply to an earlier question.

Mr. Pearson: Is it a fact that the federal mountain has laboured and brought forth a study?

Mr. Fleming (Eglinton): Mr. Speaker, it is a fact that a very successful conference has been held; that it has resulted in decisions being taken completely in line with the proposals that the federal government made in inviting the provinces to send representatives to this meeting; and that the conference has proceeded happily and harmoniously and can be regarded, I think, by all who are aware of the facts as a highly successful conference.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill SD-350, for the relief of Juanita Patricia Hamilton Long.—Mr. McCleave.

Bill SD-351, for the relief of Benjamin Gordon Davidson.—Mr. McCleave.

Bill SD-352, for the relief of Margaret Isabella MacKellar Thomas.—Mr. McCleave.

Bill SD-353, for the relief of Philip Joseph Kelly.—Mr. McCleave.

BUSINESS OF THE HOUSE

Mr. Pallett: Mr. Speaker, now that the divorce bills have been disposed of I believe the mood of the house is such that we might revert to the business that was interrupted at five o'clock.

Mr. Pickersgill: I think that procedure would be agreeable to us.

Mr. Deputy Speaker: Is it the pleasure of the house that the business under public bills be suspended for this sitting?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The house will now resume the business which was interrupted at five o'clock.

CROP INSURANCE

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCIAL SCHEMES

The house resumed consideration of the motion of Mr. Harkness for the second reading of Bill No. C-66, to provide for contributions and loans to the provinces in respect of crop insurance.

(Translation):

Mr. Jean-Paul Racine (Beauce): Mr. Speaker, when I was interrupted, I was quoting from a statement made by the Minister of Defence Production (Mr. O'Hurley), three weeks ago, in my constituency, as reported in the newspaper *L'Éclaireur*:

We are not centralizers and our intention is to hand back to the provinces those rights which are theirs.

Now, I wonder whether, under this bill, the government intends to hand back to the provinces their taxation rights, or whether the intention is not merely to have them shoulder a new burden, in view of the proportion of administrative costs for which they will be responsible. It is a very slight proportion, in my opinion, which the federal government is yielding under this bill.

On the other hand, I wonder how the government can introduce such a bill which, to all intents and purposes, commits the provinces without prior consultation with them.

This afternoon, I heard the hon. member for Assiniboia (Mr. Argue) quote a statement made by the provincial treasurer of Saskatchewan in which, according to the *Leader-Post* of June 30, 1959, he is reported as having said:

(Text):

"This is one of the greatest insults ever inflicted upon provincial governments by the federal government within my memory," he told the *Leader-Post*.

(Translation):

Now, if the provincial treasurer of Saskatchewan considers the bill as an insult, we are the more justified in thinking that the Quebec government, after considering it, will describe it as a double affront. I am wondering whether Quebec farmers will benefit from that legislation, as they expect they will, in spite of the inadequate consideration it was given.

On the one hand, supposing the province should not participate in the crop-insurance program, farmers will have no recourse in case of crop failure. On the other hand, western farmers will be able to choose between the Prairie Farm Assistance Act and that new crop insurance legislation, if it is endorsed by the western provinces. Now, as was said by previous speakers, I believe that this crop insurance legislation should have been given closer study, after consultation with provincial representatives and various farm associations. All of them, necessarily would have offered some solutions to the problems which the Minister of Agriculture was bound to face in devising this legislation. In my opinion, if crops are to be protected, the provinces or the taxpayers themselves should not be expected to shoulder the burden of this legislation.

I do hope the minister will give all due consideration to what I said about Quebec farmers in particular, and not only about Quebec farmers, but also about farmers in the maritimes, in Newfoundland and in Ontario.

I ask the minister whether it would not be possible to amend the bill so that those provinces and farmers who are most interested may not have to pay a wholly prohibitive premium.

(Text):

Mr. Arnold Peters (Timiskaming): Mr. Speaker, a great deal has been said by the minister of northern affairs about the situation in Saskatchewan in so far as this bill is concerned. I do not come from that province and therefore I am not going to discuss the particular matters he raises, but it seems odd to me that he should have been so particularly interested in this bill. It would seem odd also that this bill should have been introduced in the last days of this session when the committees have finished their work and there is no opportunity of examining the bill which, in our opinion, is not nearly as important to the people of the west as the minister of northern affairs seems to think it is. However, I think the bill warranted discussion by the various farm organizations and some consideration by the committee on agriculture.

I believe, too, that although this particular report to which he referred came out of the province of Saskatchewan, and may have been a satisfactory survey of the situation in that province, it does not give the national picture. I believe there are many aspects of crop insurance that are not going to receive consideration. This plan was referred to by the Minister of Agriculture (Mr. Harkness) as a crop insurance program that he could accept. I am not familiar with the farming operations in which the minister is engaged, but I am told that he raises hogs. It may be all very well for him to insure the number of hogs that he has on his farm under this crop insurance plan, but I wonder if the minister is not bringing things down to a level to which they probably should not be brought. This reminds me of that story, which I think we heard once before,

concerning the time the minister became interested on a personal basis in the planting of potatoes. This was during the time he was an officer in the army.

It appears that the people in the maritimes know how to plant potatoes and grow them because, in discussing the matter the other day, I was told they never have crop failures in the maritimes. However, I understand when the Minister of Agriculture had something to do with the planting of potatoes he did not allow the boys from Nova Scotia or New Brunswick to plant them because he knew how to plant them, and he planted them so deep they never came up. It would appear to me, therefore, although I am told the maritime potato growers would not apply for this type of insurance because they never have a crop failure, the minister could probably arrange it.

A great deal has been said about this measure following the pattern of unemployment insurance. It has been all very well to tell the farmers of western Canada that the workers have been getting something for nothing for a long time under unemployment insurance, but there are a great many differences between this plan for agriculture and the unemployment insurance plan for workers. Let us examine just what both plans do. In the case of unemployment insurance, the fund was established by the federal government. Each time the federal government added new classes to the unemployment insurance scheme they have always put some money into the fund and not made it necessary for the workers who were unemployed to go to their provincial governments to borrow the money, up to a maximum of 75 per cent, as is the case under the crop insurance scheme. The government put in some money which the workers were going to be able to draw against when the payments established an actuarially sound scheme. If crop insurance were going to be operated in the same manner as unemployment insurance then some money from the treasury would have to be put into the crop insurance scheme.

Second, it would not be a provincial scheme, it would be a federal scheme. It would be a scheme which would apply to everybody who was engaged in the production of the particular crops that were brought under the crop insurance scheme. Unemployment insurance is not a voluntary scheme on a regional basis, it is a compulsory scheme. If you work in a particular industry you are brought under the scheme and so if you were a farmer and grew a particular crop then you would automatically have to belong to that scheme.

This brings us again to the Prairie Farm Assistance Act. This is a compulsory insurance scheme affecting one or two particular crops. It has been satisfactory to the west. It is not entirely a subsidy because, as the minister of northern affairs has pointed out, some of the provinces have more or less been able to carry the cost of their own schemes. Between 1939 and 1957 in the province of Manitoba the total paid out to farmers was almost $14 million, and they paid in, with their 1 per cent contribution, $16 million, leaving them a credit in the fund. Saskatchewan, on the other hand, paid out more than the contributions which were received. For the $60 million which the farmers paid in, they received almost $140 million in benefits. Now it would be surprising to me if the people of Saskatchewan were to be very interested in changing the form of compulsory crop insurance they have now for one which does not appear to be as advantageous, one which is obviously going to give them 20 per cent, whereas this plan is giving them more than they have put into the scheme. The province of Alberta has received $50 million and paid in $30 million, so it would seem as if the province of Alberta, also, has been getting an advantage.

The minister may argue that this is one of the reasons why there should be a new scheme. If this is the case, why not extend the Prairie Farm Assistance Act on a national basis and apply it to a number of other crops? It has been argued in this house on innumerable occasions in the past that this could be done with very little difficulty, and probably the premium for Canada would not have to be much higher than it is already. As I said before, producers in the maritimes tell us they never have crop failures. Similarly, in the Niagara area there is very seldom a crop failure in more than one or two commodities, and we must bear in mind the wide range of fruits, vegetables and other products which are grown in this region. In my own area, if we have a very dry year and the hay is not too good, it is very likely we will have a bumper crop of grain, because weather conditions never maintain for such a length of time that we have more than a failure or partial failure of more than one crop in a year; it would be unusual to find so much rain that it would result in a crop failure in coarse grain.

As I say, I think this act could be extended. It is a compulsory act, and one which is already in existence. It is a provision which guarantees to farmers that they will have a sum of money in the event of crop failure, and the provinces do not need to borrow in order to meet their liabilities in the event of such a failure. If we look down

the list and note the demands which have been made under this scheme we will find that there have been some years when the drain has been tremendous. Let us take, for example, the year 1954, and suppose that the scheme now proposed had been in existence. Payments in Manitoba would have amounted to something over $5 million, and in the province of Saskatchewan, to $21 million. In the province of Saskatchewan, in 1953, it was only $1 million as against $21 million in the following year, and in Manitoba it was $5 million in 1954 as compared with only $619,000 in 1953. So that if we had put this scheme into effect in a year in which there was a large number of people taking it and there happened to be a need for crop insurance, then the province, or the municipalities, or whoever were going to pay the 20 per cent, would be in financial difficulties for a number of years to come.

It does not say in this particular bill whether hogs, chickens, specialized game birds or anything else are to be included. I think that depends entirely on what the provincial governments put into their interpretation of the word "crops". This bill says that a crop is an agricultural crop declared to be a crop for the purpose of the act. I assume this would depend on the regulations enacted by the provinces, and I see no reason why the Minister of Agriculture, if he wished, could not guarantee or insure himself against having less than 12 pigs in a litter, or 15. Thus I see that the bill could offer some particular attraction in the hon. gentleman's own area.

These problems could well be discussed. I am not saying that this is not a good thing. I think that if we are going to extend crop insurance it could probably be worked in a way in which we could also have guaranteed production insurance. This would come in very handy at home, where they would like to be able to guarantee five cans of milk where they only have four cans now, or else to guarantee the four that they are getting at present. I am sure my brother would be very happy to participate in a scheme of this type, though I think he would also want it to be extended so as to guarantee the sale of his milk in case everyone else started to produce the guaranteed amount.

In Ontario we have another problem which I think is quite important. We have experienced a great deal of difficulty in the last two years in southern Ontario with regard to fruits and vegetables, and I am sure that hon. members from all parts of the country have received deputations and letters from various producers, particularly tomato producers, cherry producers, peach producers and other fruit growers in the Niagara peninsula. One of the problems that they will have, and which I can foresee, is that if they insure, say, a crop of tomatoes, and the crop has an estimated value of $100 an acre, then I would assume that the farmer would insure it at that value of $100 an acre. If the farmer gets a bumper crop and he has to meet the payment, and if he finds that his cost of production of that acre of tomatoes runs over $50, and the canners are only offering him $20, I fail to see where he is going to get the money to meet his commitment. Obviously, if he had a bad crop he would be in a better financial position because the amount paid to him consequent upon crop failure would presumably be enough to pay the premium. Many of the producers are not able to market their crops when they have a bumper crop and they tell me that sometimes it is more advantageous for them to leave the products on the trees or on the vines than it is to harvest them. So they are going to be hard pressed about coming into any insurance scheme. The minister is looking at this question from the point of view of eventually eliminating P.F.A.A. The present plan would not offer to Ontario with its many diversified crops the type of crop insurance we had been led to believe this government would implement.

What is being offered under this plan has been suggested by a number of provinces. I was told last fall that this type of insurance was going to be introduced in Manitoba whether or not the federal government participated. I assume they are going to pay their percentage of the cost and have already decided what the premium to the producer is going to be. This plan leaves many questions unanswered and many problems farmers will be faced with unsolved.

The honest way for the government to have handled this would have been to introduce the bill and then refer it either at this session or another session to a committee of this house so that farm organizations and commodity groups insuring under the plan could have had an opportunity to make representations. Failing to do this, the minister is only offering window dressing for political reasons.

I think it is safe to say that some of the provinces will take advantage of the bill if only on an experimental basis. Crop insurance should be applicable to everyone in the country. Rates should be low an easily carried by all farmers. Such a scheme could only be introduced following much more extended study than has been given to the matter. This I suggest could only be done if the government allowed the measure to go to a committee so that interested organizations would have an opportunity to make specific recommendations on crop insurance.

Proposed Crop Insurance

Mr. Deputy Speaker: I must tell the house that if the minister speaks at this time he will close the debate.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I feel that I should comment briefly on some of the statements and criticisms which have been made today with respect to this bill. The hon. member for Kenora-Rainy River (Mr. Benidickson) and the hon. member for Essex East (Mr. Martin) following the same line did a great deal of talking about more study being required before the scheme is put into effect. As I indicated previously, studies of this subject have been conducted for over 20 years. The result of all that study has not been a single, definite, practical plan of crop insurance being brought forward and proposed by anyone prior to the introduction of the present bill.

What hon. gentlemen opposite are saying in effect is that the matter has been studied but now there should be another year of study; it should not be finished up at this session of parliament; the bill should not go through; there should be at least a further year's study in connection with the matter; we should bring in all the farm organizations and conduct a further extensive study in connection with the matter.

All I can say is that for over 20 years the Liberals delayed in bringing a scheme into operation. Now that we have brought in a farm insurance scheme they want to impose a further year's delay or more as far as passage of the bill is concerned.

The hon. member for Kenora-Rainy River brought up the matter of the United States plan. Without definitely saying so I believe he left the impression that the payments made by the federal government in that country were at least as great if not greater than those proposed in this bill. This is simply not the case as I have already indicated when I spoke at the resolution stage. Under the United States crop insurance plan the administration costs are what the federal government pays and if there is any surplus of premiums over the indemnities paid then some of the premium money can be taken in order to pay the administration costs. That has been done in the past few years. As a matter of fact United States law provides a maximum of $1,500,000 a year which can be taken out of the money paid in as premiums in order to pay administration costs. When the plan was first introduced and they suffered considerable losses some of the original capital of the corporation which was used to administer this was used to pay indemnities. At the present time they are getting a surplus and that has been particularly true during the last few years.

The hon. member for Kenora-Rainy River stated that no provision is made in this bill to cover heavy losses if such are experienced under the scheme. As a matter of fact that is what this loan provision is for, so that if heavy losses are experienced in a particular province the financial stability of the province will not be disturbed, due to the fact that we are prepared to loan the province up to 75 per cent of the amount of the losses. That is the whole reason for the loan provision.

The hon. gentleman went on to say that I said that the farm credit bill was one of the most important bills to be introduced in parliament but that I did not say this wih respect to the crop insurance bill. I think it is quite clear that the farm credit bill is a more important bill than the crop insurance one. The farm credit bill goes to the very root of many of our farm problems. It is the type of reform which is necessary if we are to have economic farm units over a large part of this country. Of course, the necessity for improved farm credit exists in every part of the country. The need for farm credit is universal whereas crop insurance needs vary from province to province as I indicated at the resolution stage.

The hon. member for Assiniboia (Mr. Argue) suggested that the measure should be put over until the next session. I am not surprised at his attitude and in fact I expected him to take that line because he indicated clearly at the resolution stage that he does not really want crop insurance at all. What he wants is a big federal government handout of some kind, but he does not want crop insurance.

Mr. Argue: I never said that at any time.

Mr. Harkness: The whole tenor of the hon. member's speech on the resolution stage was opposition to crop insurance.

Mr. Argue: Nonsense and more nonsense. I even voted for the resolution.

Mr. Harkness: The hon. member cited reason after reason and argument after argument as to why crop insurance would not be any good, and why it would not be applicable and so on. He and his friends from Saskatchewan do not want crop insurance now. The Minister of Northern Affairs and National Resources indicated quite clearly in his remarks why they do not want it at this time. They have done a complete about face in regard to the matter.

There was quite a bit of talk on the part of the hon. member for Assiniboia and others concerning the recommendations of the Saskatchewan royal commission. The hon. member for Essex East (Mr. Martin) said

I was making argument by assertion. I would like to call another witness in support of what is intended in this bill. I would like to call as a witness Mr. E. N. Davis, who is a very strong Liberal, I understand—

Mr. Argue: That is right.

Mr. Harkness: —and who is an editorial writer on the Regina *Leader-Post*. The hon. member for Assiniboia confirms that that is the case.

It just happens that in today's *Globe and Mail* there is a guest article by Mr. Davis and it is headed:

C.C.F. Criticism Hits Its Own Commission

This is all in connection with crop insurance, of course. After speaking about the general provisions of the bill, which is now before the house and about the royal commission on crop insurance in Saskatchewan, the article goes on:

The commission boiled down its view on this into 29 recommendations. A study of these shows that one of its basic ideas was that a crop insurance scheme should be "self-liquidating". Elsewhere it defines "self-liquidating", as actuarial soundness in that premiums paid by the farmers are sufficient to pay all claims and administration costs.

I wish the hon. member for Essex East would pay attention to this.

Mr. Martin (Essex East): I read it this morning.

Mr. Harkness: I continue:

The body of the report notes a strong advocacy in submissions to the commission for government subsidization. This the commission did not accept in framing its recommendations.

We have heard quite a considerable amount about subsidization. Actually this C.C.F. government-appointed royal commission in Saskatchewan that studied the matter did not recommend any subsidization at all; quite the contrary to what the hon. member for Assiniboia had to say when he said that the commission was recommending a heavily federally subsidized scheme. They did not recommend anything of the kind.

Mr. Argue: Read section 40, page 97 of the report.

Mr. Harkness: You have made your speech. Just try to sit quietly for a few minutes.

Mr. Argue: You should quote the report.

Mr. Harkness: I am quoting this for a purpose because, as you say, this is by a strong Liberal and he works for a strong Liberal paper. I thought the Liberal party should have the advantage of this.

Mr. Argue: It is in the *Globe and Mail*.

Mr. Harkness: He is certainly not a prejudiced witness for me.

Mr. Argue: What paper?

Mr. Harkness: I think I have already said that.

Mr. Martin (Essex East): It is always good to quote a Liberal.

Mr. Harkness: I continue with the article:

The dominion government's scheme envisages the payment of 20 per cent of the crop insurance premiums out of the treasury. This is being condemned by C.C.F. spokesmen as niggardly.

And it is being condemned by the hon. member for Essex East as niggardly, too.

Mr. Martin (Essex East): On a point of order,—

Mr. Harkness: This is not in here.

Mr. Martin (Essex East): Mr. Davis knows me too well to make an assertion that would be so barren of any justification.

Mr. Harkness: The hon. member has made his own statement here that this is not nearly enough.

Mr. Martin (Essex East): That is right.

Mr. Harkness: And that we should pay a much bigger percentage of the premium; therefore, he is doing exactly the same as Mr. Davis says the C.C.F. is doing, namely saying that it is niggardly.

Mr. Martin (Essex East): The hon. member is wrong. He did not follow my careful argument.

Mr. Harkness: The article goes on:

This is being condemned by C.C.F. spokesmen as niggardly. But it is much more generous than the plan proposed by the C.C.F. Saskatchewan government's own commission. In such criticism of the federal proposal, the C.C.F. is in effect condemning its own royal commission and the soundness of its views—and the value received for the half-million dollars the taxpayers spent on it.

That is what the C.C.F. is doing; that is what the hon. member for Assiniboia and others are doing. As Mr. Davis suggests, they are just condemning their own commission and all the money that was spent on it and the personnel who were on it, of course. The article goes on:

C.C.F. critics also condemn as niggardly the proposed coverage under the federal scheme, 60 per cent of the long-term average yield. This is precisely the recommendation of the Saskatchewan commission. It declared crop insurance offering a higher level of coverage would be too costly to the farmers in premiums.

Critics of the federal plan have raised howls of derision over the proposal that farmers covered by crop insurance no longer would qualify for P.F.A.A. aid. Recommendation No. 20 of the Saskatchewan commission proposes "that areas which qualify for crop insurance be excluded from P.F.A.A. coverage and levies". Again, the proposed federal scheme follows the recommendations of the Saskatchewan commission.

Proposed Crop Insurance

In the proposed payment by Ottawa of 50 per cent of the crop insurance administration costs, Ottawa is being more generous than the commission's plan.

And so on. I think that is sufficient to refute most of what hon. members opposite have said about the administration costs, contributions being made by the federal government not being sufficient, and so on and so forth.

Mr. Martin (Timmins): I wish you paid as much attention to your own royal commissions as you do to Saskatchewan's.

Mr. Harkness: If I had made these statements myself the hon. member for Essex East would have said, "These are only allegations on your part", but I know he cannot say that about his friend Mr. Davis.

Mr. Martin (Essex East): These are allegations on Mr. Davis' part.

Mr. Harkness: I think Mr. Davis cites chapter and verse to show that these statements are correct, which the hon. member for Essex East certainly did not do in connection with crop insurance when he was speaking on the matter.

Mr. Martin (Essex East): Mr. Davis is an excellent gentleman.

Mr. Harkness: Just as on the resolution stage, the hon. member for Assiniboia devoted a good deal of his time and his remarks to a comparison with prairie farm assistance. Once more I should like to point out to him that prairie farm assistance is not an insurance scheme. Naturally, since it is not an insurance scheme and since payments are not made on an individual basis, the ratio of administration costs to the indemnities paid out is going to be smaller than on a true insurance scheme, and any comparison between prairie farm assistance and a true insurance scheme, such as the one proposed in this bill, is just not a valid comparison, and all that it does is to serve to confuse the issue.

The hon. member for Assiniboia also repeated two or three times that the dominion government is asking the provinces and the farmers to pay 80 per cent of the cost. That is not correct and he knows it is not correct. We are paying 80 per cent of the premium cost—

Mr. Argue: How much?

Mr. Harkness: I am sorry, 20 per cent of the premium cost and the other 80 per cent of the premium cost the provinces can pay any part or all as they wish, or they do not have to pay any if they do not want to. But, in addition, we are also paying 50 per cent of the administration cost. The result is that we shall be paying approximately 25 per cent of the total cost of this scheme and not 20 per cent as the hon. member for Assiniboia kept repeating.

The hon. member for Assiniboia went into considerable detail in talking about arbitrary action on the part of the dominion government. As far as this scheme is concerned, there is nothing arbitrary in the world about this legislation or about the way it is being brought in. As a matter of fact, the legislation is extremely generous, as I think a very large number of people will realize, and it provides for very large contributions of federal funds which will be made available to assist provinces in putting insurance schemes into effect. If anyone can say it is arbitrary on the part of the dominion government to say to all provinces, "if you want to put in an insurance scheme we will contribute 25 per cent of the cost of your putting that scheme into operation" I think the hon. member for Assiniboia and the hon. member for Essex East will have a very difficult time in trying to sell that contention to the people of this country.

Mr. Martin (Essex East): May I ask a question?

Mr. Harkness: I would like to get this through before six o'clock and I should like to carry on.

Mr. Martin (Essex East): I had a very good question.

Mr. Harkness: The hon. member for Provencher (Mr. Jorgenson) made an exceptionally good speech in connection with this matter. He indicated that he was a farmer and that he understood the thing, which most of the people speaking on the bill have not done. They have not had the farm background in order to understand the scheme as the hon. member for Provencher has.

The hon. member for Drummond-Arthabaska (Mr. Boulanger) made quite a point that the scheme should apply to the east just as much as to the west. It does. That is one of the purposes of the scheme. Members of the C.C.F. have been arguing that we should extend P.F.A.A. payments to the whole country. That is just not a possibility. P.F.A.A. is based on collecting a levy on grain which is handled through the wheat board. You cannot very well make a levy on apples, cherries, peaches and things of that sort. It just would not work. It is not practical.

Mr. Boulanger: Why not?

Mr. Harkness: Those who say that we should extend P.F.A.A. to the rest of the country indicate that they really have no

knowledge of the problems involved and of what an insurance scheme should be.

Mr. Benidickson: Oh, these other crops are marketed through important agencies.

Mr. Harkness: One of the basic things in favour of the bill is that it does and can apply to every province.

Mr. Benidickson: But will not.

Mr. Harkness: In each particular province the province itself can lay down the details of the scheme and make them such as will apply to agriculture in that province. That is one of the reasons why it is essential that we have a scheme of this sort with considerable flexibility so that it can meet the widely differing agricultural conditions that we have in different parts of the country.

The hon. member for Drummond-Arthabaska said that the eastern provinces had been ignored in other agricultural matters. That is quite true but the people who ignored them were the Liberal government who were in power for the previous 22 years.

Mr. Boulanger: Last year they were ignored.

Mr. Harkness: That is a criticism of the party to which he belongs. The measures we have brought in have not ignored the eastern provinces. As a matter of fact, one of the chief complaints I run into from western Canada is that we have given far too much to eastern Canada and not enough to western Canada.

Mr. Boulanger: Under the Prairie Farm Assistance Act you ignored the farmers of the east last year.

Mr. Harkness: This measure is one which applies to all parts of the country in the same way that our other agricultural measures have.

The hon. member for Kootenay West (Mr. Herridge) made quite a temperate speech on which I should like to compliment him. He says that the C.C.F. supports crop insurance. My only comment on that is that he should tell that to the hon. member for Assiniboia because he does not seem to understand it.

Mr. Argue: Wrong again.

Mr. Harkness: The hon. member for Kootenay West said that this was experimental legislation and he took that as a reason why there should be a lot more study of it. However, as I have said, there has been all kinds of study. What is needed now is to get the scheme or schemes into operation so that we can see how the legislation will work out in practice. That is why I think it is essential to get the bill through, thus providing an opportunity for schemes to be put into operation and for the experimental work which is needed to be done.

The hon. member for Essex East delivered himself of many words and much sound but in what he said there was not much relationship to crop insurance and to the problems under discussion.

Mr. Martin (Essex East): I was following the Minister of Northern Affairs and National Resources (Mr. Hamilton).

Mr. Harkness: He stated that the bill is not a generous measure.

Mr. Martin (Essex East): I repeat that.

Mr. Harkness: This morning I quoted a Winnipeg *Free Press* editorial, and the *Free Press* does not agree with him. They think it is too generous.

Mr. Benidickson: No, they did not say that.

Mr. Harkness: They think it is too generous.

Mr. Benidickson: They did not say that.

Mr. Harkness: The premier of Manitoba does not agree with him, and he will find there will be all kinds of people who will not agree with him.

Mr. Martin (Essex East): The premier of Manitoba does not agree with this government on a lot of things.

Mr. Harkness: As I said a few moments ago, the great majority of people in the country will say that it is an extremely generous bill, as it is. The hon. member for Essex East made a great point of asking the rhetorical question time after time, "What provinces will enter? We know of only one so far." And so on. I might point out that at the resolution stage he made exactly the same sort of statement but at that time he said that no province would enter. He has conveniently forgotten that now and says that only one will enter because in the meantime Manitoba has said that it will.

Mr. Martin (Essex East): They announced that last December.

Mr. Harkness: His judgment on this matter at the resolution stage when he said that no provinces would enter is just as sound as his present judgment when he says that no other provinces will enter. In other words, he just does not know what he is talking about.

Mr. Martin (Essex East): That is a powerful argument.

Mr. Benidickson: If they enter they ignore their royal commission.

Mr. Harkness: I do not think that the hon. member for Essex East understands that this

is an insurance scheme, subsidized, it is true. What he apparently is arguing for is much the same thing as the hon. member for Assiniboia is arguing for, that we should give a great big handout of some kind and of a very generalized nature but not an insurance scheme.

Mr. Martin (Essex East): When did I say that?

Mr. Harkness: That is the tenor of all your remarks and statements.

Mr. Martin (Essex East): On a point of order, Mr. Speaker—

Mr. Harkness: I think I have the floor and the hon. member is merely trying to interrupt.

Mr. Speaker: If there is a point of order I must hear the hon. member.

Mr. Martin (Essex East): In raising my point of order I would simply observe that the minister would not have these interruptions if he would carry out and observe the decencies of debate, but since he is not I would remind him that he cannot point to anything I said that would justify his last statement. The minister is obviously irritated because we insist on eliciting from him facts which he does not want to give the house.

Mr. Harkness: Mr. Speaker—

Mr. Speaker: Order. It is scarcely a point of order. It is a matter of correction which I think would be more properly made after the minister has finished his speech.

Mr. Harkness: I was just going to point out that this is the same type of alleged or phony point of order that the hon. member constantly gets on his feet to raise, thus interrupting and delaying the proceedings of the house. He is accusing me of not carrying on the debate in the proper form. He interrupts with phony points of order of this sort and destroys proper debate in the house more than anybody else.

Mr. Martin (Essex East): Mr. Speaker—

Mr. Argue: Like two schoolboys.

Mr. Martin (Essex East): —the hon. member has said that I raise phony points of order. I suggest to you that the adjective "phony" in this context is unparliamentary, unworthy of the Minister of Agriculture and should be withdrawn.

Mr. Harkness: Well—

Mr. Martin (Essex East): Let the Speaker decide. You are not the Speaker.

Mr. Harkness: Mr. Speaker, I see that you give the attention to that remark which it deserves, complete silence.

[Mr. Harkness.]

Mr. Martin (Essex East): If my hon. friend is going to take this line he will find that others can take it too.

Mr. Harkness: Mr. Speaker—

Mr. Martin (Essex East): I am speaking to a point of order.

Mr. Harkness: Have I not got the floor, Mr. Speaker? I think you ruled that this was not a point of order.

Mr. Speaker: The hon. member for Essex East has taken offence at the word "phony", and I leave it to the minister who has the floor to take that into consideration because it has given offence to the hon. member.

Mr. Harkness: Mr. Speaker—

Mr. Martin (Essex East): Mr. Speaker, on the point of order—

Mr. Argue: You are both out of order. It is past six o'clock.

Mr. Speaker: Order. The hon. member has made his point of order and I should like to give the minister the chance to withdraw the statement if he feels so inclined.

Mr. Harkness: I have no idea what should be withdrawn. This is the first time I have heard that the word "phony" is not parliamentary. If you find it is not parliamentary I will withdraw it of course, but to my knowledge it is not unparliamentary. Actually, as somebody sitting to the rear of me has said, it is very appropriate in this case.

Mr. Martin (Essex East): Mr. Speaker—

Mr. Speaker: Order. I did not say it was unparliamentary. I simply drew attention to the fact that it was offensive to the hon. member. I see it is six o'clock and probably a very good time to adjourn.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Mr. Harkness: Mr. Speaker, before the dinner recess I had been replying to some of the comments and criticisms made by some hon. members opposite in their speeches on second reading of the crop insurance bill. I had practically completed that matter and there is just one other thing about which I think I should say something.

I think the hon. member for Timiskaming (Mr. Peters) indicated either that he had not read the bill or, if he had read it, that he did not understand it because he was talking about insurance for pigs, game cocks and

various other types of livestock. I think it is understood by probably every other member of the house that the crop insurance bill is designed to apply to crops that are grown from the ground. There has never been any intention of insuring livestock, machinery used on the farm or anything else along that line.

The hon. member for Timiskaming says that the bill might be all right for the minister and others who raise hogs, that it might be satisfactory to them to insure their hogs and so on. I want to correct any impression which anyone may have that there was any intention at any time to insure livestock. This is a crop insurance scheme. In other words, it insures crops which grow from the ground —whether it is barley or any other types of crop of that kind—but does not insure what are ordinarily classed together as livestock and chattels.

I think I should at the same time comment on the story which he told in connection with my alleged potato planting activities during the war in England, a story which has been repeated here at least once or twice previously and in very incorrect form. As hon. members know, in 1941, I think it was, there was an army order to all units in England that they were to grow as much of their own food as they could and were to use any land that was not in use for agricultural purposes adjacent to where they were billeted. In pursuance of that order we were given a little bit of heath which happened to be a bit of a dip and therefore was not covered with bushes and so on, and we were told to put in some garden.

I looked it over and decided that perhaps the only thing that could be planted on it was potatoes. Of course the boys in the battery were not very anxious to go to work planting potatoes so they raised all sorts of complaints such as that we had no equipment, no machinery or anything else and that therefore we could not put in this potato crop. I therefore went out to the nearest farm and borrowed a plow, and in planting these potatoes I followed the system which I had seen employed back in 1910 and 1911 by settlers who were coming into western Canada at that time and moving on to homesteads where there was nothing but sod. In other words, it was a matter of plowing a furrow, dropping the potatoes along it and turning the next furrow over them. You do not get a very good potato crop but you get something. We produced quite a few potatoes in spite of the scoffing or the objections, we will say, of some of the men in the battery who were not at all anxious to go into this type of activity.

To sum up, the criticisms which have been made of this bill really revolve around two contentions which have been made by opposition members. The first of these is that the bill should be referred to a committee of the house or to a dominion-provincial conference for further study. I have pointed out, as hon. members know, that at this stage of the session—and I think everybody here is agreed that we would probably be able to complete this session in some two weeks' time or a little less—what this demand amounts to is a demand or a request that we do not proceed with the bill.

Mr. Benidickson: No. I quoted the Prime Minister as saying in 1957 that should be done.

Mr. Harkness: Hon. members know that there is just not time to refer this bill to either a committee or a conference, to carry on the type of study they have been talking about and to get the bill through at this session. In other words, it is really a demand to drop the bill and that, of course, is something that we are not prepared to do.

I have pointed out also, that further study would not likely accomplish any practical purpose. The matter of crop insurance, as has been said here many times, has been under study for approximately 20 years. What we require at the present time is not further study; what we require is actual experience. That experience can be secured only by the passage of the bill and the consequent setting up of an insurance scheme or schemes in various provinces. On the basis of the experience secured and as a result of it, then I think perhaps a further study of the experience secured would be well worth while; and I would hope that a study might well be carried on at that time along the lines which had been suggested. However, I do not think that any good practical purpose would be served by attempting to make any further study at the present time.

Mr. Pickersgill: Unlike federal-provincial relations.

An hon. Member: More Liberal procrastination.

Mr. Harkness: The second general criticism which was made was that the bill does not provide enough in the way of dominion government assistance. All I can do is to repeat again that the bill provides more assistance, as far as the dominion treasury is concerned, than does the United States crop insurance bill; it provides more assistance than was recommended by the Saskatchewan royal commission which studied crop insurance.

and it provides more assistance than the Winnipeg *Free Press* editorialists at least think should be provided.

I am quite sure, Mr. Speaker, that most people who examine the bill and give any study to it will feel quite certain that the bill is a practical means of dealing with the crop insurance program. It provides assistance on the part of the dominion government on very generous terms indeed. I am quite sure that some of the crop insurance schemes set up under it by the provinces—of which I at least am confident there will be quite a number—will be successful in removing the instability which has been a curse to farmers, particularly in some parts of this country, ever since farming has been carried on in those areas.

Mr. Benidickson: Mr. Speaker, the minister referred to a number of the provinces which he thought would likely subscribe to this bill. Will he indicate his expectations in this respect?

Mr. Harkness: As I have indicated to the hon. member and others previously, I am not one who is given to the art of prophecy. At the resolution stage the hon. member said he was quite sure no province would come into this scheme. Since then Manitoba has indicated that it is coming in. I am quite confident that in the course of time probably every province in this country, with the possible exception of Newfoundland, will have put into effect a scheme of crop insurance.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the motion (Mr. Harkness) which was agreed to on the following division:

YEAS

Messrs:

Aitken, Miss
Allard
Allmark
Anderson
Argue
Barrington
Batten
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Benidickson
Bissonnette
Boulanger
Bourbonnais
Bourget
Bourque
Brassard (Chicoutimi)
Brooks
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Campbell (Lambton-Kent)
Cardiff
Carter
Casselman, Mrs.
Cathers
Charlton
Chown
Churchill
Clancy
Comtois
Cooper
Courtemanche
Creaghan
Crestohl
Danforth
Denis
Diefenbaker
Dorion
Doucett
Drouin
Dubois
Dumas
English
Eudes
Fairclough, Mrs.
Fane
Flynn
Forbes
Forgie
Fortin
Fraser
Frechette
Grills
Gundlock
Habel
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Herridge
Hodgson
Horner (The Battlefords)
Howard
Howe
Jorgenson
Jung
Keays
Kennedy
Knowles
Korchinski
Lahaye
Lambert
Leduc
Letourneau
Macdonnell
MacInnis
MacLean (Queens)
McDonald (Hamilton South)
McGee
McGrath
McGregor
McIntosh
McLennan
McMillan
McPhillips
McQuillan
Maloney
Mandziuk
Martin (Timmins)
Martini
Matthews
Milligan
Mitchell
Monteith (Perth)
Montgomery
More
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Nielsen
Nowlan
Nugent
O'Leary
Ormiston
Pallett
Parizeau
Pascoe
Paul
Pearkes
Pearson
Peters
Phillips
Pickersgill
Pratt
Racine
Rapp
Ratelle
Rea
Regier
Ricard
Richard (Kamouraska)
Roberge
Rogers
Rowe
Rynard
Skoreyko
Smallwood
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Stanton
Stewart
Taylor
Thomas
Thompson
Thrasher
Tucker
Villeneuve
Walker
White
Winch
Winkler
Wratten—151.

NAYS

Messrs:

Nil

Bill read the second time and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Short title.*

Mr. Argue: I was delighted just a moment ago to be able, in the most effective way possible, to demonstrate once again to the Minister of Agriculture and the minister for northern affairs that they are entirely wrong in their interpretation of the attitude of the members of the C.C.F. group. But so many things which hon. gentlemen opposite have

said in recent days have proven to be wrong that this is scarcely any longer an event.

Mr. Hamilton (Qu'Appelle): You certainly scrambled through the brambles.

Mr. Argue: The hon. gentleman, with the fussy mind that he has, would know more about that than anyone else. However, on this clause I should like to ask the Minister of Agriculture what further study is being given by the officials in his department to the details of the kind of crop insurance plan which they would hope to be able to work out with the provinces. I should like to know from the minister, with his officials in front of him, whether or not any officials in his department will be carrying out further studies within the next few months and whether there will be further general discussions as to how crop insurance schemes may be worked out with the provinces. I am wondering whether, even at this late date, there will be any general conference with the provinces to discuss the type of insurance agreements which may be signed under this act.

Mr. Harkness: The general provisions as far as any schemes to be put into effect are concerned are to be found in clauses 5 and 6. Within the ambit of those clauses we shall enter into an agreement with any province which wishes to put a scheme of crop insurance into effect. Such agreements will have the details spelled out in them according to the type or types of crops a province may wish to insure.

Mr. Argue: There is no contemplation, I take it, of any general discussion with the provinces as far as working out agreements are concerned. All I really want to know from the minister is whether the kind of federal-provincial conference that we have been advocating to discuss crop insurance will now be held in the light of the principles outlined in the bill as it now stands or as it will be passed by parliament, details only to be worked out.

Mr. Harkness: There is nothing of that kind in contemplation, but if a majority of the provinces were to indicate to me that they would like to have a conference of that kind I would be quite glad to have a conference with them. But I see no great need for that. I think the main thing is to work out particular agreements with particular provinces. However as I say, if there is any demand on the part of the majority of the provinces for a conference such as this I would be glad to hold such a conference. We have received no such requests.

Mr. Argue: Mr. Chairman, I appreciate the statement the minister has now made. It represents a substantial retreat from the position he took before, namely to oppose the holding of a federal-provincial conference on this question. It would have been much more satisfactory and more in keeping with good federal-provincial relations to have had the conference before the general division of financial responsibility was set out in this bill but the minister's retreat is at least of some value. He has retreated from his former position. It is an advance in his thinking which has led him to make this strategic retreat. But even at this late date I think such a conference is necessary.

For the past two days in this city a federal-provincial conference has been held. I am not going to endeavour to discuss the general subject of federal-provincial relations on this bill but I believe I would be very much in order in pointing out to the committee an item in the press communiqué issued following the conference which has an important bearing on this type of legislation. I refer to item No. 5 in the subjects listed for further consideration by the continuing committee. This list follows the announcement that a further conference will be held in mid-October. The fifth subject listed for consideration by the continuing committee at that time is as follows:

> Conditional grants and shared-cost programs. Their motivation and place in the scheme of intergovernmental financial relations. Possible means of co-ordination and simplification. Consideration of specific areas of co-operation.

I believe that item is an important one. Even though the government did not have the courtesy to call the provinces into conference before this legislation was handed to them I nevertheless hope that at the forthcoming conference or at a special conference this subject can be pursued and problems can be discussed in relation to the crop insurance legislation which will then be on the statute books.

I do not wish at this juncture to reiterate the criticisms I have made of this legislation but I must say we feel it is not in keeping with the central recommendation of the Saskatchewan royal commission, namely that the cost of crop insurance must be borne in the main by the federal government with that government accepting the major responsibility, and that the cost to farmers should not be excessive.

I thank the minister for leaving open the door for a conference this fall on the question of crop insurance. The conference would have been much more valuable before the government presented this legislation as a fait accompli. The argument advanced by the minister concerning why the bill could not be referred to the standing committee on

agriculture at this stage of the session is not at all valid. The legislation could well have been referred to the committee. We could have had witnesses before that committee within 48 hours. We could have given detailed and comprehensive study to the bill. One thing stood in the way, namely the government's fear of the kind of criticism that would be made by some provinces at least and certainly by farm organizations who have been very critical of the legislation and of the fact that it was not sent to a committee.

Mr. Harkness: Mr. Chairman, I feel I should make clear immediately that any so-called retreat about which the hon. member was talking exists only in his imagination. There has been no retreat or change in my position in regard to this matter. This government has always stood ready to meet representatives from the provinces to discuss any matter they wanted to discuss when a majority indicated they wished to have a meeting of that kind. That has been the situation with regard to any matter and it remains the situation. If the majority of the provinces want to hold a meeting to discuss this bill on crop insurance generally I am quite prepared to meet with them but I have received no demands for such a meeting on part of the provinces. The hon. member for Assiniboia is trying to twist what I call our general position of willingness to meet with the provinces into a change in attitude. There has been no change whatever.

Mr. Argue: The change has been that the minister now says that he and the federal government stand ready to meet the provinces if a majority wish such a meeting on the question of crop insurance. That offer was never made, or certainly never made in public, prior to the statement the minister has just now made. As a matter of fact every time there has been a suggestion that this proposed legislation should be placed before a federal-provincial conference the minister has refused by saying: What good can a conference accomplish because we have had all kinds of commissions and studies and we do not need any more conferences; what we need is legislation. This is a changed attitude on the part of the minister.

Mr. Benidickson: Mr. Chairman, we are now in detailed examination of the clauses of the bill. There is not too much difference between any quarter of the committee concerning a desire to have crop insurance if it can be made operative on a feasible basis.

There was some glee on the part of the government as to the previous discussion concerning the fact that the bill passed second reading without dissent. I spoke earlier about this and said that it was a tragedy that an important matter of this kind announced in the speech from the throne on January 15 was not unveiled in detail to the Canadian public until June 29 and I continue to hold that view.

As much as I would like to see encouragement for crop insurance I also continue to hold the view that there would be no additional delay in any practical way if we were able to have committee discussions where we could get the views of the provinces and the farm organizations. I do not want to be repetitive at this late stage of the session but I hold that view very strongly.

If I were a betting man I would say to my hon. friend the Minister of Agriculture that I bet he will not get from any of the ten provinces in Canada within the next 12 months a bill that institutes anything. The speech from the throne said that this government was going to institute a program of crop insurance. I suggest that, even with respect to the province of Manitoba it is most unlikely that we shall have anything effective there. It might be different if we had taken more time to examine and improve the bill.

In Saskatchewan, as the minister knows, the commission went only so far as to suggest that they have a pilot scheme. This afternoon I quoted the views of the Manitoba farm union organization saying that that was not adequate and I hope that is not what is in the mind of the minister or in the mind of the minister of agriculture for Manitoba. If anything is to be done on a hasty basis, then it should not be just a token pilot scheme but something with something tangible in it.

The principle of this bill has been approved, as the recent vote showed, by all groups in the house; but those on this side of the house continue to think that I was not very far wrong when I said, after reading the resolution, that this was a rather empty gesture, and the escape hatches were such that it was not likely in the near future to be taken advantage of by very many provincial governments.

Then, on June 29, and all day today we challenged the Minister of Agriculture to indicate to us any element of evidence which would give him confidence that any of the 10 provinces, beyond the one province cited, was likely to do something as a result of this legislation. He admitted provinces were not consulted; they did not know the salient features of the bill, so the provinces start from here. Therefore, under these circumstances there is no reason whatsoever for this parliament to be deprived of an opportunity to investigate all the aspects of this new area of federal participation in a citizens' program.

As I remember it, the last time that we had a parliamentary committee considering crop insurance was in 1939, and much has happened since that time. The minister spoke about Manitoba. He has had a week from June 29 until today to receive from many quarters friendly counsel and opinions about his bill. He has not indicated to us in any way whether anybody other than the minister of agriculture of Manitoba has paid attention to this bill.

Mr. Peters: Mr. Chairman, I think the people of Canada will be interested to know that now this bill has reached this stage the truth of the matter comes out. The people of Canada are going to be offered the opportunity of making representations on this bill, but they also will be well advised of the fact that they have not been allowed to make their representations when they would have done the most good, namely on the principle of the bill. They are asked to make their representations only on the details of the bill.

Clause agreed to.

On clause 2—*Definitions.*

Mr. Peters: Mr. Chairman, I notice in the Canadian Parliamentary Guide that the minister at one time was a school teacher. I also understand that he disagrees with my definition of what could come under this clause, which refers to "crop". His officials may sneer and laugh. This is their right, but I suggest they should have given more consideration to this and then the minister might have had a little better bill. It says in the Oxford dictionary that crop includes quite a number of things. Hon. members may laugh at my reference to the dictionary but in so far as some of them are concerned they could further their education by taking a look at a dictionary. As a matter of fact, in so far as some of them are concerned, there are a lot of things that could be a help to their education, and not only in this regard. There are a number of definitions of the word "crop". I suggest that if hon. members read the definitions they will find that among other things it includes the produce of cultivated plants, especially cereals. Then, it refers to the season's total yield of cereals, and among other things we find "the entire hide of an animal tanned". There are quite a number of other things, Mr. Chairman.

I suggest that this legislation could conceivably cover any conceivable crop that is declared under this act by the regulations to be a crop. I suggest that the minister is wrong and that he should certainly know these things because of his educational background. He should know that crops are made up of quite a number of things and could include quite a number of things. If the regulations were so designed, I am quite sure they could cover any type of agricultural produce, including pigs, chickens and crops of lots of other things that are produced agriculturally. I am suggesting that this may not be a bad thing, Mr. Chairman, that there may be a time when we will want to include all the agricultural crops under this insurance scheme, particularly if it works out as well and as advantageously as the minister has suggested.

I suggest that this definition gives considerable latitude to the minister, and unless he is willing to amend the bill now he is going to have to accept the fact that the regulations could be so designed as to cover almost any agricultural crop. I think there are a number of people in the agricultural field who hope that it will go so far as to cover the products of bees in the production of honey.

Mr. Harkness: I think I should just say that the hon. member is very much out of place in attacking officials of this department and making remarks about them which are in no way justified. I deplore attacks of that kind by the hon. member, as someone said behind me at the time he was making the attack, on people who are in no position to defend themselves.

In addition to this, the hon. member, of course, on speaking on second reading indicated, as I said, that he either had not read the bill or did not understand the bill. He was talking about pigs being insured, and things of that kind. Every other member of the house, I am certain, and every farmer in the country knows and has known that crop insurance was intended for crops which are grown, not for livestock and things of that kind. The hon. member now is just trying to cover up a serious error he made.

Mr. Fisher: I wonder whether the minister has ever heard of the broadcasting committee, where every day we get attacks by Conservative members on officials?

The Deputy Chairman: Order.

Mr. McMillan: Mr. Chairman, I should like to ask the minister a question on "crop". If the peach growers of the Niagara district wanted to insure themselves under this legislation I understand that Ontario would need to be a participating province, and I think the minister said at the resolution stage that 25 per cent of the peach growers would need to enter the scheme. Is that right?

Mr. Harkness: Mr. Chairman, certainly peaches or any other fruit can be brought under the crop insurance scheme if the province wishes to do so and enters into an agreement with us to cover a crop of that kind. As to the matter of the 25 per cent which I mentioned, we have not written that into the act for the very reason that we want to leave a little flexibility. According to the regulations under which we propose to operate we think that we will place the minimum at 25 per cent. In some cases it may be 25 per cent of the number of producers and in other cases 25 per cent of the acreage covered. I think you can see that you might run into difficulty if you said 25 per cent of the producers or if you said 25 per cent of the acreage. Consequently we want to leave it a bit flexible so that we can vary our agreements with the different provinces to some slight extent in order to make the scheme practical.

Mr. McMillan: Would it be the onus of the province to set the premium risk on each crop or would the federal government do that?

Mr. Harkness: It is provided in the legislation that the premium rate must be established on the basis of what the long term average yield is in the particular area covered for that particular type of crop.

Mr. Benidickson: To be decided by your department.

Mr. Harkness: No, it is provided that this will be arrived at by statistical means. Of course we have statistical information mostly in the bureau of statistics which comes under my colleague, the Minister of Trade and Commerce. The hon. member for Kenora-Rainy River knows that there are very extensive statistics as far as grain crops are concerned, and it is quite easy to determine what the long term average is for grain crops. For some of the other crops the statistics are not nearly as complete and we would have to come to an agreement with the province as to what period of years would be taken to determine what the long term average was on the basis of the statistics that were available.

Mr. Benidickson: I could ask perhaps ten questions of a similar nature, but when one looks at clause 2, subclause (g) he sees that there is reference to establishing a scheme of insurance with the provinces. I still think it is pertinent to ask the minister to inform his colleagues in the House of Commons from what provinces he expects ready acceptance of the terms of the bill. I think he should also tell us whether he expects acceptance to take place within one year, five years or never.

Mr. Harkness: Mr. Chairman, this is really direct repetition. We have had this same thing time after time at the resolution stage, on second reading and again now in committee of the whole. I have said on every occasion that I am not engaging in prophecy in regard to these matters. We have never had legislation of this type in Canada before and therefore to ask me to say what provinces are going to come in, when they are going to come in and so forth is simply not a reasonable question.

Mr. Benidickson: I would only comment that if the shoe were on the other foot and there were some assurance as a result of past negotiations and intimate contact I am sure the minister would be the first one to come forward and assert in the house that he was sure that so and so and so and so would agree. This emphasizes the fact that here we have a bill without any indication that it will appeal to one, two or a majority of the provinces.

Mr. Peters: Before this clause carries I should like to refer to what the minister has said about my comment with respect to his officials. I know the opinion of the minister in this regard and I can only assume that my comment was considered to be hilarious or it would not have produced the expression it did. I am not the least bit impressed with the ability of ministers who have to depend on advisers to give them information when they should have it themselves if they are top of the department they are handling. That is my personal opinion and I am entitled to it. I understand that in Great Britain there are no advisers on the floor of the house there. A minister there learns about his department and is then able to conduct his own affairs. I resent the idea of officials passing opinions on something that I think is right when I say it. If it is not correct, then it is certainly the right of any member including the minister, to say so. Officials should not presume to pass this type of comment.

Mr. Harkness: May I just say that the hon. member has no business making these remarks. Any remarks he has made in connection with officials passing information which he apparently thought was directed against himself are entirely the product of his own imagination. There were no remarks made of any kind along that line and therefore the hon. member is speaking on the basis of a completely false assumption.

Mr. Argue: Mr. Chairman, on a point of order, the minister's tirade is completely out of order and completely uncalled for. It is

not the prerogative of the minister to say what any member of parliament can utter in this house.

Mr. Churchill: He can object to it.

Mr. Argue: If any minister or any member of the house disagrees with a statement made by any hon. member it is his prerogative to rise on a point of order and to raise the question with the chair. This the minister failed to do and it is the minister himself who is transgressing the rules of the house.

Mr. Harkness: Mr. Chairman, on the point of order, I should just like to point out that, of course, while there is no point of order to begin with, it is quite evident that the hon. member for Timiskaming made a false assumption and on that basis he attacked the officials here. As I say, he had no right to do so.

Mr. Regier: He has a right.

Clause agreed to.

Clause 3 agreed to.

On clause 4—*Contributions.*

(Translation):

Mr. Boulanger: Mr. Chairman, the second paragraph of section 4 reads as follows:

The loans that may be made to a province under an agreement shall not exceed in any year 75 per cent of the amount by which the indemnities required to be paid under, etc.—

I wish the Minister of Agriculture (Mr. Harkness) would tell me what the rate of interest will be on loans granted to the provinces.

(Text):

Mr. Harkness: Any time it becomes necessary for the dominion government to make a loan to a province to meet indemnities the interest rate would be the cost of money to the federal government plus the usual small service charge. I think it is generally one-eighth of one per cent or something like that.

Mr. Argue: I have a suggestion to make to the minister and I make it with great deference and in the hope that he will consider it. I appreciate that the statement he has now made is an important one and I appreciate that as far as the minister himself is concerned he has every desire and every intention of fulfilling that statement. But I think the bill would be in much better form, and I am certain that the provinces would wish this to be done, if in setting forth that loans may be made to the provinces the interest rate were spelled out or the formula that will be used in establishing the interest rate. I think that kind of general clause is in other legislation and in my opinion it is more businesslike to have it spelled out. At the time that a province may need money under this clause, if such a time comes, the present minister may not be the minister of agriculture. I am not wishing to say that he will not be in the government at that time. He may have what we call a promotion. There may be a new minister, and certainly no statement in *Hansard* is equal to a provision in the law. I would suggest that the minister have this clause stand, that he seek any advice he wishes about the draftsmanship of it, and that he give consideration to spelling out a formula that will be used in the setting of interest rates on loans that may be made to the provinces to cover conditions set forth in this bill.

The Chairman: Shall clause 4 carry?

Some hon. Members: Carried.

Mr. Argue: I would appreciate a statement from the minister.

Mr. Harkness: I do not think there is any necessity for doing that. The hon. member knows that there will be no need for any loans for at least well over a year in any event. This is a matter which will be covered also in the agreement with the province. This would constitute part of the agreement with the province, indicating what the rate of interest would be and so on and the question of the rate of interest would be determined.

Mr. Argue: These would be a number of agreements. The minister is now saying it will be spelled out in the agreement and presumably every agreement would have the same interest rate. But that does not necessarily follow. I think this is a rather slipshod method of draftsmanship which leaves such an important provision to decision at some later date when it could be spelled out in the law itself.

The Chairman: Shall clause 4 carry?

Mr. Argue: Clause 4 reads in part as follows:

4. (1) The contribution payable to a province under an agreement shall be paid in respect of each year and shall be the total of

(a) fifty per cent of the expenses incurred by the province in that year in the administration of the insurance scheme; and

(b) if the province has by the agreement undertaken to pay a share of the premiums, the lesser of

(i) the amount required to reimburse the province for the share of the premiums paid by it in that year, or

(ii) twenty per cent of the premiums paid in respect of policies of insurance in that year.

The minister has said many times that a province will not be required to pay any premiums whatsoever. I think I understand what the clause means but it does require, in the initial stages at any rate, the provinces

to pay a share of the premiums. On the surface this provision seems very much at variance with the statement the minister made so many times during the debate, namely that a province would not be required —if it did not wish to do so—to make any contribution towards premiums. The minister can now stand up and say, if he thinks it proper to do so, that this is merely a bookkeeping arrangement, that the province will pay initially and that at some later date the federal government will reimburse the province. Then I should like to know what the length of the period will be from the time the province pays this money into the fund until the federal government reimburses the province.

Would it not be much better and would it not be more accurate in the context of the statement by the minister, to provide that the federal contribution shall be paid directly to the fund and directly to the provincial corporation or agency that is operating the crop insurance and not by this law require the province, at least in the initial stages, to pay a share of the premiums?

Mr. Harkness: Mr. Chairman, I must say that when the draft of this bill came back to us and I saw this particular clause about which the hon. member has been talking I was alarmed that the draftsmen had not carried into effect the intention which we had in mind as far as the bill was concerned. But they explained to me that this was the particular drafting device which they found it necessary to employ because each scheme will be a provincially administered scheme; and therefore the proper legal way of handling it was for the province to pay into the fund. In other words, if they are running the fund themselves as a branch of government in the province they would make a proper bookkeeping entry and then call upon us for the cash to meet the 20 per cent of the premiums cost or the 50 per cent of the administration costs. Otherwise if they had a crown corporation running it, they would hypothecate that amount to the corporation and then ask us to put up that amount; and the time which would elapse between the two would be quite short, I understand.

Mr. Argue: Can the minister say how long "quite short" would be?

Mr. Harkness: No.

Mr. Argue: Would it be some months?

Mr. Harkness: No. They tell me the transfer of funds would be quite rapid.

Mr. Argue: I appreciate the explanation the minister has given but I think it would be much better to have in this clause such other words as "or provincial agency or crown corporation or such other authority as may be providing crop insurance within the province". As the matter now stands, it will be possible—and maybe this is the reason it is here and maybe it is not—for members or for other people to say, "Yes; look at the position of the federal government. The province pays something into the fund but we reimburse them".

The intention of the clause was to get a magic contribution out of the provinces. In the light of the minister's statement to the house on second reading I think that he was quite right in being disturbed at the draftsmanship of this clause. I think this kind of draftsmanship is open to misrepresentation and to misunderstanding. Surely the legal people in the Department of Justice, the legal officers who are available to the minister, can do a better job of drafting this clause than to draft it in such a way to offend or to raise questions in the mind of the minister when he initially read it; and I think the minister is perfectly right in his reaction.

Mr. Harkness: Mr. Chairman, I explained how this matter came about. All I can say is that neither the hon. member nor I are lawyers. I think we are obliged to accept the opinion of the justice department and the justice officials, who are experts in this matter of drafting and spend all their time on it, when they say that this is the correct way to have the thing drafted in order to carry this intent into effect.

Mr. Argue: The Minister of Agriculture has much greater faith than I in the wisdom of the officials to whom he refers. Yesterday we had not only an instance of the officials in the Department of Justice drafting certain clauses in a bill but of the Minister of Justice himself piloting the measure through the house, and we will all agree that the Minister of Justice is himself a very eminent lawyer. However, you would hardly recognize some of the clauses after parliament itself had improved on what was very slipshod phraseology when the bill was first introduced in the house. All I do at this time on this clause is to protest what the government is doing to the provinces that come under this legislation.

It is recognized by everyone who knows anything about agricultural conditions in Canada that Saskatchewan is not only a major agricultural province but that it is the province of greatest risk. It is the province where there are the greatest number of crop failures. Under the Prairie Farm Assistance Act experience shows that crop failures in Saskatchewan have resulted in payments being made to producers in one

year, namely in 1954, as high as almost $22 million. It is Saskatchewan where the great crop losses can take place.

It is Saskatchewan, the Saskatchewan government, the Saskatchewan treasury that the minister is asking by this measure to underwrite the losses. Let no one be misled into thinking that the 20 per cent that the federal government agrees to pay of the premiums means 20 per cent of the losses, because the losses can pile up initially into tremendous losses running into tens of millions of dollars. It will not bankrupt the provincial treasury, initially at any rate, because the federal government will lend the province the money; but it is the province that under this legislation is required to pay and to take up the losses. This legislation is no gift; it is legislation that individuals in high risk areas in Saskatchewan can comply with and can use only at very high cost.

I think the people of Saskatchewan will resent what is in fact discrimination directed against that province because ours is the high risk province, just in the same way as the legislation under the Prairie Farm Assistance Act is directed to help in a substantial way the producers in Saskatchewan who are in a high risk area. This also applies, but not to the same degree, of course, to the province of Alberta. This is one of the clauses in this legislation which will be up for public debate. It is one of the clauses which I think is inadequate and that I shall be glad to debate on any occasion with the Minister of Northern Affairs and National Resources and the Minister of Agriculture.

They can dress up this legislation in any way they wish. They can make far-reaching statements that this is going to take care of the incomes of agricultural producers so that they will not have an experience like they had in the thirties, and they can make other statements which mean very little. But the fact is that the people of Saskatchewan, the farmers through individual payments and/or the provincial treasury have to pay a very high cost to use this legislation, and I hesitate not at all in saying that the principles followed in prairie farm assistance have much more to commend them than the inadequate principles in this bill which we hope in the days ahead, after so much criticism on our part, will be improved.

Mr. Benidickson: Mr. Chairman, I regard this particular clause as the key and hub of everything we have been talking about, particularly with respect to our expected partners, the provinces. I think that we have to look at this very carefully indeed, and I am quite satisfied that the minister should look again upon his requirement of the provinces with respect to loans advanced by Canada. The minister says in this bill that the loans shall be repayable upon terms that the cabinet at Ottawa unilaterally decides. I do not think that that is going to encourage any provincial government that has any caution at all to go very far toward doing the kind of thing that on all sides of the house we want to see done, namely to establish crop insurance. I think, as I explained earlier, that inasmuch as the federal cabinet is in charge of the actuarial soundness of any scheme in any province they should under those circumstances agree that when loans are made, if the terms of payment of those loans are in accord with what they laid down, they should continue to be the primary lender and retain the primary responsibility. On the contrary, under this bill they can just demand and ask for payment at any time without adequate appreciation of the provincial final liability in this respect.

That I think is of the essence. I do not oppose the thought that it is desirable in a widespread country like ours to have provincial administration in matters of this kind; but, as I said earlier, in every royal commission report that I have looked at the conclusion is that the long term, ultimate liabilities are beyond what a provincial royal commission would advise a provincial government to assume. The commissions say that there is the desirability of having this kind of insurance, but they also say that the diversification must be wider than within one province. However, I find elsewhere in this bill an arbitrary clause which enables the federal government to dictate the terms of these loans, the clause providing the 75-25 per cent proportion. It is not subject to mutual agreement; the loans are settled by the federal organization. I would say that if I were in the provincial sphere I would be very hesitant indeed to undertake the risks which are explained in some of the royal commission reports on crop insurance which I have read.

I think that the minister should look again at this particular clause. I suggest to him that if at the initial stage he and his advisers are in complete charge of determining what is actuarially sound in so far as crop insurance is concerned, it is not right to present a bill and say, "We will loan the provinces 75 per cent of a loss after a bad year", when the provinces have had nothing to do with respect to the assessment of the rates and have not the resources for taking care of emergencies such as many of us remember. Under these circumstances I think that this clause, probably more than anything else in the bill, is likely to be responsible for the failure on the part of sensible provincial

administrators to take advantage of this worthy proposal that we should have a national crop insurance scheme.

Mr. Chairman, I am very serious about this. The minister has emphasized the long term aspect. I think he will agree with me that in examining some of the points which have come to light from experience of the only known crop insurance scheme that we have on this continent, namely in the United States, he will find that they have had some difficulty because their rates and their organization are based on too short a term of experience.

The minister seemed to agree with me when he began to talk about the experience from, say 1926 up to the present time, but in western Canada, fortunately, we have very complete and helpful information about crop records in every category going back as far as that date. So if the minister insists that his scheme must be approved by him as actuarially sound, I say that is not much of an encouragement for the provinces. If he then says: I assume no ultimate contingent liability; I only promise after the end of one crop year to lend you 25 per cent of your indemnities that exceed your premiums received beyond $200,000 and so on, I do not think that is consistent. If the minister is in the driver's seat with respect to actuarial soundness I think he must also, if he wants this to be national in scope, stand behind the scheme as an actuarial scheme which he has approved on a long term basis without profit to the producer, since the producer is averaging over a long period of time. But what is proposed in this bill is that the provinces, with slender resources, must undertake repayment of losses which might occur should the federal government's actuarial calculations prove to be wrong, and I think that will deter a great number of the provinces from entering this scheme.

Clause agreed to.

On clause 5—*Contents of agreement.*

(Translation):

Mr. Boulanger: Mr. Chairman, I would like to ask the minister a question with regard to paragraph (f) (i) of section 5, subsection (1), which says:

> The province will establish a reserve fund for the payment of indemnities.

Could the minister tell me on what basis the provinces will establish the amount, or the percentage of the reserve fund?

(Text):

Mr. Harkness: These two subclauses have to be read together, and if you do that you see that the provinces will agree to establish a reserve fund for the payment of indemnities, and:

> (ii) that all premium receipts will be used only for the payment of indemnities under policies of insurance and not more than 50 per cent of the administration expenses referred to in paragraph (c).

That is to say, the agreement will provide that money received in the form of premiums will be used for only three purposes: to pay not more than half of the administration costs which the dominion government does not pay; for the payment of indemnities; and, third, for the setting up of a reserve fund. This provision will insure that the money collected in the form of premiums cannot be used by a province as a contribution, say, to consolidated revenue or for general purposes. The premium money collected must be used for the payment of indemnities, for administrative expenses that we do not pay, and to set up a reserve fund with what is left over.

Mr. Rapp: On clause 5 may I ask whether, if a farmer lives in an area of a province to which the insurance scheme extends, he can insure only part of his crop if he wishes to do so, or must he insure the crop in its entirety? I should be glad if the minister would explain this.

Mr. Harkness: I think he can insure only part of his crop in the same way as he can with regard to hail at the present time. But, of course, he would only collect on that part of the crop which is insured.

I must make it clear that if he had insured part of this crop he would not be eligible to collect P.F.A.A. benefits, because otherwise you would have the situation where there would be difficulty in deciding on what part he would get P.F.A.A. benefits and what part he would not.

Mr. Argue: If part of his land was in a township which was under crop insurance and he had land in some other township where he could not obtain crop insurance, is he automatically taken out of P.F.A.A. in the township where it is impossible for him to obtain coverage, so that in some instances, in theory at any rate, it would be possible for a farmer to have both, but if all cultivable land was in an insured unit, if he insured one part he could no longer obtain P.F.A.A.

Mr. Harkness: That is correct.

Mr. Benidickson: The Minister of Agriculture and I are fairly good friends and I imagine we have both given about the same measure of attention to the Saskatchewan royal commission. In a debate which took place a week ago there was argument back and forth about the question of eliminating from P.F.A.A. land that would be under a crop insurance scheme. I personally was not sure

in reading that report that the recommendation did not apply only to the proposed pilot scheme in Saskatchewan. What is the minister's opinion?

Mr. Harkness: My opinion was that the commission recommended that land which was under a scheme of crop insurance should not also be under P.F.A.A.

Mr. Benidickson: It was so closely related to the recommendation that a start should be made in Saskatchewan on a pilot scheme only that I felt that the admonition that P.F.A.A. should not apply under that section, probably applied only—

Mr. Harkness: That was another recommendation, the recommendation that there should be a pilot scheme and I do not think it had anything to do with the recommendation about P.F.A.A.

Mr. Argue: I had fully expected that the provision to which the minister referred on June 29 as reported on page 5225 of *Hansard* would have been spelled out in this clause. The minister seemed quite definite on that occasion. He said that what he had in mind at the present time was 25 per cent of the farmers or of the acreage in whatever the insurance unit was. I do not suppose I have to read it. The minister used the figure 25 per cent on two or three other occasions in the same paragraph.

If the minister still has it in mind that 25 per cent of the acreage covered by the plan is necessary before a unit township or municipality may enter the scheme, I am wondering why this has not been spelled out in the bill itself. If the minister had used some range of figures, then I could understand that this might be something which could be worked out with the provinces, but his illustration seemed to be very definite. He said there must be at least 25 per cent willing to enter a crop insurance program, and then that particular unit would come into the scheme.

Mr. Harkness: As I said earlier, we did not want to have anything in the bill which was completely hard and fast, in case it might not prove to be workable. We wanted to have sufficient flexibility so that when we entered into an agreement with the province, if the province was able to demonstrate, say, that an actuarially sound scheme could be worked out with 20 per cent of the producers because, for instance, they might have 50 per cent of the production although they might not have the acreage, we would be in a position to make an agreement on those lines. Whereas if you specifically spell out 25 per cent of the producers then you are completely bound. You might put a province in a difficult spot which there is no need of doing. I mentioned 25 per cent because that is the figure we have in mind on the basis of the studies which have been made as to what is more or less the minimum percentage of the producers or acreage or production, as the case might be, which it is necessary to have in order to have a sufficient spread in the risk to have an actuarially sound scheme.

Clause agreed to.

Clauses 6 to 8 inclusive, agreed to.

On clause 9—*Application of act.*

Mr. Argue: Mr. Chairman, this is the joker in the bill. This is the clause I termed as a bombshell. This is the clause highlighted in the press report by Mr. Robert Moon. This is the clause that makes the legislation unpalatable for many producers in western Canada. As I said earlier today this divides the people of the prairies into two classes of farmers, as it were. One group consists of farmers in high risk areas whose premiums under a crop insurance scheme will be exorbitant and who will not benefit from this bill. With this clause in effect we feel there has been a retreat by the federal government from the position that has been taken in the past. Under prairie farm assistance the federal government's contribution has been roughly 50 per cent. But under this clause P.F.A.A. will be removed whenever a crop insurance plan comes into effect. I think it would have been much better to have incorporated this provision in any crop insurance scheme that might be entered into. This is something the producers will resent, namely that if they come under a crop insurance plan at all they must forego what in fact has been limited but very valuable protection.

Mr. Muir (Lisgar): Mr. Chairman, I should like to make a few comments at this stage and am prompted in so doing by having listened to some of the weird statements we have heard today from hon. members opposite. I think that most farmers will agree that the Prairie Farm Assistance Act should be continued in conjunction with any crop insurance scheme developed on an actuarial basis. It will be necessary to continue the P.F.A.A. for the benefit of those areas subject to prolonged drought or what might better be described as low average yield areas.

However, large sections of the prairies, because of small crop loss areas, seldom if ever are able to qualify for payments under P.F.A.A. In that connection I was interested in the remarks of the hon. member for Assiniboia as reported at page 5230 of *Hansard* for June 29, where he is reported as having said:

> As far as the prairie provinces are concerned, particularly in the light of the clause in the bill

which says that if a producer wishes to obtain benefits under this measure he can no longer obtain benefits under the Prairie Farm Assistance Act, this bill beyond question is a retrograde step.

At page 5228 of *Hansard* of the same day the hon. gentleman is reported as having made the following statement:

One of the most important things to recommend the Prairie Farm Assistance Act in the three prairie provinces which it covers and in the section of British Columbia which it also covers is that within this area every single producer is protected. It covers everyone in the grain producing area. Everyone who is covered in that area and who sells grain pays a small levy of 1 per cent. This means that not only is everybody covered but that, to make a general statement, there may be a few exceptions, such as people who raise livestock only and feed all their grain—everybody contributes by a 1 per cent levy on the grain that is marketed.

Mr. Argue: Will the hon. member tell me from what page he is now quoting and from what part of the page?

Mr. Muir (Lisgar): Page 5228, Mr. Chairman. It is true that all farmers are covered by the 1 per cent levy but it certainly has not been proven to be true that they are are all necessarily protected from crop loss of any kind. The payments made since the inception of the P.F.A.A. program do not give an accurate picture of the crop coverage received.

As an example, Manitoba farmers received roughly $14 million, and paid out $16 million under the 1 per cent levy. At the same time many of them had recurring grievous losses in that period and received nothing. I might add that the people who sustained these losses were still paying the 1 per cent levy. The reason for this inaccurate picture, of course, is that where crop losses did occur in the better farming areas crop damage was spotty and the crop loss areas scattered and small which prevented them from qualifying under the terms of the Prairie Farm Assistance Act.

Conversely, high risk areas such as submarginal and relatively poor crop land were able to qualify year after year. It is necessary that certain areas require crop assistance rather than crop insurance because of the high risk factor but it is certainly not in the best interests of agriculture that the assistance be provided to a large extent by other farmers who have little hope of collecting for their own crop loss out of a fund they have been helping to provide.

Many farmers resent having to pay the 1 per cent levy with very little hope of ever recovering anything. Even though recent amendments to the act did help to correct the situation, to some extent that situation still does exist. Most farmers in large areas in the west will welcome the opportunity to get over-all crop loss coverage and be relieved of the payments under P.F.A.A. and hail insurance. This will assist them in paying for the more complete crop coverage which they will receive under a comprehensive crop insurance scheme.

[Mr. Muir (Lisgar).]

(Translation):

Mr. Boulanger: I do not know whether the government of the province of Quebec will accept this crop insurance scheme, but we may conclude from the attitude of hon. members from Quebec this afternoon, that it is very doubtful that Quebec farmers will be allowed to benefit by this legislation. I would like to ask the minister—

Mr. Ricard: We are all in favour.

Mr. Boulanger: Has the hon. member for St. Hyacinthe-Bagot something to say to this?

Mr. Ricard: You try to take credit for everything.

Mr. Pigeon: Don't ask a casket-maker any questions. It isn't worth while.

Mr. Ricard: You spoke against the bill, and you voted for it.

Mr. Boulanger: Will maple syrup producers be able to benefit from this legislation. On several occasions we spoke of wheat producers but nobody mentioned the maple sugar producers in the province of Quebec.

(Text):

Mr. Harkness: Mr. Chairman, I should like to point out that questions of this kind on this clause are completely out of order. This deals with the Prairie Farm Assistance Act payments; but as to whether maple sugar producers can take advantage of the act or not, that would depend entirely on the scheme set up in a particular province. If a province wishes to bring maple sugar production under the act, it is a crop and I see no particular reason why it should not be covered.

Mr. Benidickson: I understood the minister to make reference to the application of this bill to the prairies. This is a national bill. I think in his concluding words he said that it was up to the province, but there is no thought that this is designed strictly for the prairies.

Mr. Harkness: None whatever. I have pointed out time after time that this scheme was specifically drawn up so that it would be applicable to any part of Canada.

Mr. Nasserden: Would the minister explain this. I am not sure what "insured crop" refers to, whether it refers to a crop that is insured up to 25 per cent by the people who decide to insure their crops or whether it refers to the individual farmer concerned.

Mr. Harkness: This applies to the individual farmer. The insurance will be written on an individual basis, just the same as life insurance is, or any other type of ordinary insurance. What clause 1 states is that a farmer who has entered into an insurance scheme will then not be required to pay into the Prairie Farm Assistance Act and he will not be eligible for payments thereunder.

Mr. Nasserden: It does not appear to read that way. It seems to me that it might be interpreted otherwise if someone wished to interpret it otherwise at some time or other.

Mr. Harkness: Mr. Chairman, I think it is quite clear. It reads:

> The cultivated land of a farmer in any area to which an insurance scheme extends is not eligible for assistance under the Prairie Farm Assistance Act if an insured crop is grown by the farmer on any part thereof.

In other words, when the farmer has entered into the insurance scheme he has his crop insured, and then he is not eligible for assistance under the Prairie Farm Assistance Act on that land.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Commencement.*

(Translation):

Mr. Boulanger: Mr. Chairman, could the minister tell us when this act will come into force?

(Text):

Mr. Harkness: Mr. Chairman, it first of all, of course, has to go to the other place to receive approval there. Then it has to receive the approval of the Governor General. How long this will take I do not know. Then, following that, when we have the entire regulations drawn up, the act will be proclaimed; it will go into force at that time. We intend to proclaim it quite rapidly.

Mr. Benidickson: Notwithstanding the fact this federal-provincial partnership proposition has not been preceded by a conference such as we had on hospital insurance, and so on, the minister is going to do his best to make the law effective and then talk to the provinces afterward. Is that so?

Mr. Harkness: Mr. Chairman, as I said, we will proclaim the act as soon as we find it possible to do so and we will then be in the position to enter into an agreement with any province which wishes to enter into an agreement. As was said here several times, Manitoba has already indicated that it wants to enter into an agreement.

Clause agreed to.

Title agreed to.

Bill reported.

AGRICULTURE

REPEAL OF CANADIAN FARM LOAN ACT—PROVISION OF LONG TERM MORTGAGE CREDIT TO FARMERS

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill No. C-67, to provide for the extension of long term mortgage credit to farmers.

He said: Mr. Speaker, when this bill was at the resolution stage I indicated most of the main provisions in it, and thus I will not delay discussion of the detailed provisions by further extended remarks at this time.

As was stated then, this bill, along with the amendments to other farm credit legislation, gives a basis for a federal farm credit system which can be developed as a service for the benefit of Canadian agriculture in the years to come. In general, the approach of the government has been to enter the field of farm credit to ensure that family farm operations and those who work their own land or operate their own farms may be able to obtain sufficient credit to cope with what might be termed a rapidly moving commercial agricultural development. In 1921, for example, there were 3,500,000 horses on farms in Canada. Today there are fewer than one million. Their place has been taken, and a great deal more power made available, by tractors. Expenditure on machinery and equipment has greatly expanded all along the line, all of which has required much bigger expenditures as far as farmers are concerned. Livestock operations on farms in Canada have also been increased, with the exception of sheep and lambs. Since the 1920's total farm operating expenses, including depreciation, have about doubled.

It is not possible to refer to Canadian agriculture as other than commercial agriculture. However, there are segments of the agricultural economy where there is a lag in developing economic units. Further, this changeover has meant a greatly reduced labour force in farming, accompanied by a very substantial increase in production per man year. In order that the best personnel, that is those who are likely to continue to increase this production per man year, may be retained on farms, it is the aim of the government to make sure that they have this opportunity in so far as capital required is concerned. This bill makes it possible, through the package deal, for younger, energetic farmers, who may qualify, to make quicker progress in establishment than otherwise might be the case and thus will encourage them to take up farming as their permanent occupation.

Proposed Long Term Credit to Farmers

In providing additional farm mortgage credit opportunity there would appear to be little difference between the action proposed in this bill and recommendations made by the two major national agricultural organizations. These organizations have recommended a co-ordinated credit system; they have recommended higher loan values both in dollars and in relation to the equity of the borrower; they have recommended more flexible repayment; they have recommended a system of supervised credit for younger farmers and many other general features, most of which are included within the scope of the proposed farm credit act.

The farm organizations recommended the extension of the total term of loans for a 40-year period from the present 30-year period. As I indicated in the house at the resolution stage, it was felt better to increase the age limit to 45, and that this would give more possibilities of benefit than the extension of the term of the mortgage for an extra 10 years. This is one of the few recommendations of the farm organizations which we have not followed.

While the interprovincial farm union council brief is not specific on interest rate, the Canadian Federation of Agriculture suggests that the government might subsidize the interest rates on loans by the amount of the administration costs. The interprovincial farm union brief in an introductory paragraph states that if the government's attitude toward farm credit would give consideration to the various services that only governments can provide effectively, "most of the farm credit could be provided on as sound and self-supporting a basis as any other commercial credit". Later in their brief they indicate that they wish to have low interest rates for special cases. It may be unfair to suggest that this means that they are asking for subsidized rates.

The government believes, and we hope rightly, that by including the new package deal to provide farmers with the opportunity of operating an economic establishment, this type of farm unit will be able to pay for the full cost of borrowed money. As I stated at the time the resolution was discussed, and I can again assure you, there will be no unnecessary expenditures either for money borrowed or for administration costs.

A calculation by officials of the Veterans Land Act, arising out of a survey which was made among 5,000 veterans on the basis that they would be established on economic farm units, indicates that additional credit would earn 24 per cent after deducting $10 per day for additional labour. This percentage varied by area and by province but the range was from 12 to 30 per cent.

To a limited extent the government does subsidize the corporation by providing up to $8 million of interest free capital. It has also provided that the reserves of the present Canadian farm loan board will be available to the new corporation without interest cost. Any subsidy beyond this would tend to interfere with provincial and private schemes, including those of a great many co-operatives who are now making agricultural loans.

Mr. Benidickson: And provinces.

Mr. Harkness: And provinces too. The fact that all lending agencies, including the federal agency, are operating their service at approximately cost will give the farmer the opportunity to select the agency of his choice, based on the service and the flexibility of such service.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, it gives me a certain satisfaction to speak of matters pertaining to agriculture and perhaps more so when we are dealing with a bill regarding farm loans.

We would have thought that, on the thirtieth anniversary of the coming into force of the Canadian Farm Loan Act, the Minister of Agriculture (Mr. Harkness), in one of those flights of oratory we have come to expect from him, would have spoken highly of that legislation and referred to the benefits farmers have received under the act. Instead of this we have seen the minister sign its death warrant.

Mr. Pigeon: Don't drag in the caskets you manufacture.

Mr. Boulanger: Let me tell the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) that I won't need any casket to bury the law your Minister of Agriculture has just killed.

Mr. Tremblay: Have it cremated.

(Text):

Mr. Benidickson: Is Quebec to come into this too? No.

(Translation):

Mr. Boulanger: Just the same people in general are firmly convinced that many farmers were saved from bankruptcy by this legislation. Others have been able to improve their farms which later became economic and self-liquidating units.

In the past, the Canadian farm loan program has always reached the objectives it had set for itself. Whenever changing conditions, farming methods and new needs so

required, the government never delayed in introducing amendments designed to satisfy the agricultural population.

If any criticism can be directed against that measure, it is perhaps for the fact that we have been too prone to provide loans for the betterment of the marginal and even submarginal farm units instead of limiting the loans to farms likely to improve.

These last few years and particularly nowadays, the development of agriculture has changed so much that we will have to change our ideas as far as farm credit is concerned. It will be necessary to provide credit for the very specific purpose of helping the farmer's family to produce more efficiently and profitably in order to secure an income of at least $3,000 for a family of 4 or 5 people.

The new concept that we must have of a modern farm credit system is indicated by the rapid development that we witnessed as a result of new farm production methods and of new market requirements.

For the past 20 years, farm capital has increased by 30 per cent. In the opinion of nearly two thirds of the "Farm Forums" it is necessary today to invest more than $20,000 in order to make a good start in agriculture.

The nature of capital investment also has changed, thus following the general trend.

According to professor William E. Hallevand, of the department of agricultural economy at Macdonald College, in the province of Quebec, the real estate value, per farm, has increased by 15 per cent, the livestock value by a little more than 30 per cent and the equipment and power value by approximately 94 per cent.

The most noticeable changes have taken place in western Canada as far as equipment is concerned, and in eastern Canada as regards livestock improvement.

As a result, it is getting more and more difficult for anyone who wants to engage in agriculture and especially for the young farmer, to settle down on a farm.

Many other reasons would motivate a change. They are:

The decrease in number of capital farms in agriculture. The decrease of cultivated areas particularly in eastern Canada on the fringe of larger cities. The increase of mechanization and the extension of the farming surface. A reduction of farm labour. The growing importance attached to production credit, as compared to land purchase credit.

All those reasons may lead us to foresee the need of more generous funds for each family unit.

The provinces where agriculture is the main industry recognized that need and recently passed a new legislation, or modified existing legislation in this respect.

(Text):

May I call it ten o'clock?

Mr. Harkness: Mr. Speaker, I had thought that probably hon. members might be willing, by unanimous consent, to continue with this debate for some time and perhaps expedite the passage of the bill.

Mr. Pickersgill: I think that perhaps my hon. friend would not mind going on.

Mr. Peters: Mr. Speaker, we agree for the purpose of second reading.

Mr. Harkness: I appreciate that very much.

Mr. Benidickson: Not the clauses of the bill.

Mr. Pickersgill: No, second reading.

(Translation):

Mr. Boulanger: In the western provinces, the farm loan act was recently amended. Thus in Manitoba—and I shall be brief—they have modified the act to allow loans up to $25 thousand, repayable on a 30-year term, to be based on up to 65 per cent of the farm's assessed value. The interest rate will be 5½ per cent on regular loans, and 4 per cent on loans to young farmers. Administration will be by an agricultural credit board to be set up by the province. As security for such loans, farmers may use their land and cattle.

On March 31, 1959, a farm loan act was enacted in Saskatchewan to cover family farms. This act provides for maximum loans of $25,000, repayable on a 30-year term, equal to 80 per cent of the assessed value of the farmer's land and assets. Interest will be 6½ per cent, of which one-half of one per cent will be used to insure the life of the farmer. The loans will be supervised by the Co-Operative Trust Company, an organization independent of the government.

Alberta has also passed an act, in 1957, to provide for land purchases and for enlarging farm holdings. Loans are allowed up to a maximum of $10,000, on a 20-year term, with interest at 5 per cent, one-half of one per cent of which is for insurance on the farmer's life. The interest rate is therefore 4½ per cent, plus one-half of one per cent for insurance.

The western provinces have realized the need to amend their farm credit legislation, and the Liberals have also realized, even before the Conservatives, that amendments to Canada's farm loan act were needed. Indeed it might be said that the amendments now being introduced by the government are

the result of pressures we have been exerting in the past two years, in conjunction with farm organizations throughout the country.

Thus I had the honour to introduce, early in this session, a resolution calling upon the government to establish an agricultural and fisheries expansion bank. That proposal was supported without reservations by the 16 members who took part in the discussion.

The member for Gaspe (Mr. English) made a number of points, insisting on the need to provide credit for eastern Canada's fishermen. I wonder what he will say about the bill that has just been placed before us, in which there is not even any mention of fishermen.

In my suggestion, I urged that all government services in the fields of farm credit, research, youth establishment, rural construction, etc., be co-ordinated under a single agency.

That farm bank project was worked out by my chief following recommendations made by the farmers themselves in the light of studies carried out by various farm organizations across the country.

Mr. Speaker, the proposed bill in its present wording is designed to achieve the following purposes: first, to raise the maximum loan from $15,000 to $20,000, which amount will be repayable within thirty years; second, to make it possible for a farmer who has reached 21 years of age but has not reached the age of 45 to borrow an amount not exceeding $27,500 upon the security of mortgages on farm lands, buildings and livestock. True, the whole will be subject to supervision at the borrower's expense on the part of the new corporation; but such supervision will cease when the amount of the loan is reduced to 65 per cent of the value of the lands used as a security for the loan, or to $20,000 whichever is the lesser.

That is the aim to be achieved in the attempt to have this bill adopted. No mention is made of the rate of interest except that it will be determined by the corporation. No mention is made of the supervising fee except that it will be fixed annually by the corporation.

All arguments put forward by the minister in support of his bill do not agree with the representations made by farm organizations, or with the requirements of modern agriculture, and particularly of agriculture in the province of Quebec.

If we consider the benefits that the Quebec farmers will derive from it, I can see only slight ones: the increase of the maximum loans from $15,000 to $20,000 and the increase in the amount of maximum loans from 65 to 75 per cent of the appraisal value of the land and farm buildings. Those are the only two advantages—

(Text):

Mr. Benidickson: A subsidized non-commercial interest charge.

Mr. Boulanger: I was talking about a 65 per cent or 75 per cent rate.

(Translation):

Those are, Mr. Speaker, the only two advantages that the farmers of the province of Quebec who will want to come under this act will get from it.

The advantage of obtaining a loan up to $20,000 will be useful only to a small number of farmers, because the average loan in the country is about $6,000; in fact, of the 150 loans approved last year in the province of Quebec, 2 only have been made to the amount of $15,000.

I have here the figures about the loans made in certain fiscal years. In 1956-57, while an amount of $700,000 was provided for 139 loans, 10 of those loans were for $10,000 or over, and 2 for $15,000. In 1957-58, of 122 loans, 13 were to the amount of $10,000 or over, and 4 to the amount of $15,000. In 1958-59, of the 139 loans made, 17 were for amounts of $10,000 or over, and 2 to the amount of $15,000. If we study the figures for the first quarter of 1959, we see that 61 loans had been approved, 13 of them for amounts of $10,000 and 4 for an amount of $15,000.

As for particular or special loans provided for in part 3 of the new act, for farmers in the age group 21 to 45, up to an amount of $27,500, I doubt if the farmers of the province of Quebec could take advantage of that plan, because we have in the civil code of the province of Quebec a section which reads as follows:

> Any farmer may pledge, as security for a loan which he contracts, for a term not exceeding eighteen months, all his livestock and farm produce, present and future while at the same time retaining them in his possession. The borrower shall have, towards the creditor, the obligations of a depository, without having any recourse against him for the cost of custody and conservation.

That means that our farmers cannot offer their livestock as security for a period exceeding eighteen months.

There is also another interesting section in the civil code of the province of Quebec, that is section 1548, which says:

> The right of redemption cannot be stipulated for a term exceeding 10 years. If it be stipulated for a longer term, it is reduced to the term of 10 years.

This means that a farmer can mortgage his property by a redemption contract for a term not exceeding 10 years. Then, as I said earlier, I doubt very much that the farmers of the province of Quebec could take advantage of this legislation. I am not a lawyer, I have no knowledge of the law—

Mr. Asselin: That is quite obvious.

Mr. Boulanger: Those are elementary arguments and I am convinced that the lawyers could take the floor after I sit down and explain the bill.

Will the scholars opposite finally take the floor to explain the provisions of this bill? I would ask Quebec members especially to explain what they understand in this bill.

Mr. Benidickson: Duplication.

Mr. Boulanger: To all intents and purposes, Quebec farmers will derive little benefit from that legislation.

Besides, what could have they expected from a Conservative government, whose agricultural program is made up of mere promises? What can they also expect from fifty Conservative members from the province of Quebec, whose arguments in support of labour are in the form of compliments for ministers, and commendations about bills, even before anything is known about the contents of those bills. That is what happened when a statement was made about loan insurance and farm credit. The minister was lauded, the bill was endorsed without any of those members knowing what was in the bill. That is the attitude of our Conservative members from the province of Quebec, who claim to be saving the farm and labour classes.

Mr. Asselin: Go and tell that to Quebec farmers.

Mr. Boulanger: Does the hon. member want to ask me a question?

Mr. Asselin: I am asking whether the hon. member is in favour of this legislation or whether he is opposed to it. If so, let him explain himself clearly, because nobody has understood anything yet.

Mr. Boulanger: I understand that the hon. member—

Mr. Asselin: You don't understand.

Mr. Boulanger: I know that the member who just rose is not very familiar with agriculture. If we hear cries from the other side of this house, they are cries of distress which come—

Some hon. Members: Ah! Ah!

Mr. Boulanger: —from the cellars of the Union Nationale of the province of Quebec.

In a few moments we shall probably see the member who is the greatest Duplessis enthusiast among the duplessists in this house rise and sing the praises of the Quebec Farm Loan Board and of the Union Nationale. I am not mentioning this to criticize the principle, because I believe that the principle of the Quebec Farm Loan Board is good. I believe this to be good farm legislation. Experts—

Some hon. Members: Hear! Hear!

Mr. Boulanger: I thank hon. members for their applause. I hope they will still applaud when I have finished explaining my views. I think this is good farm legislation. As a matter of fact, experts in the matter recognize it to be good farm legislation though they think it should have been modified some time ago and that it was diverted from the object for which it had been created.

Some hon. Members: Order!

Mr. Boulanger: I want to speak about it simply to prove to the Canadian people that it is being used as the most infamous instrument we can imagine in a democratic country—

Some hon. Members: Order!

Mr. Boulanger: —namely to serve the political aims of a Union Nationale government.

Some hon. Members: Order!

(Text):

Mr. Speaker: Order. If any hon. member wishes to raise a point of order there is a proper way of doing it, and it is not by interrupting the hon. member who has the floor.

Mr. Ricard: On a point of order, Mr. Speaker, the hon. member was not in order just now. He was speaking of provincial farm loans and we are dealing with federal loans.

Mr. Pickersgill: On the point of order raised by the hon. gentleman, Mr. Speaker, it surely has never been considered that in asking parliament to establish any form of lending agency one should not take account of other ways of securing loans, and that is all my hon. friend is doing. It seems to me that the so-called point of order of the hon. gentleman is an attempt to restrict debate and freedom of speech in this house.

Mr. Ricard: Mr. Speaker, as the hon. member for Drummond-Arthabaska (Mr. Boulanger) was saying, he was going to deal with the provincial farm loan. This is not just for establishing his cause; he wants to deal with this matter, so he is out of order.

Proposed Long Term Credit to Farmers

Mr. Benidickson: On the point of order, Mr. Speaker, I think the hon. member was simply taking a quick—

Mr. Speaker: Order. I think it is unnecessary to labour the point of order. I wish the hon. member would continue with his address.

(Translation):

Mr. Boulanger: Thank you, Mr. Speaker, for your ruling. I knew I could deal with the matter because, in similar circumstances, at the beginning of a session, I rose on a point of order, and my point of order was not sustained. It is absolutely the same situation today. I am speaking about the Quebec farm loan, but Union nationale members do not want to hear anything about it.

An hon. Member: There is no Union nationale member here.

Mr. Bourget: They have all been elected by the Union nationale.

An hon. Member: No, by the people.

Mr. Bourget: Thanks to Union Nationale funds.

An hon. Member: No, by the people.

Mr. Bourget: We will see about it at the next election.

Mr. Boulanger: The report published by the Quebec Farm Loan Board shows that on March 31 last, 56,803 loans totalling $165,991,695 have been granted since the fall of 1936.

That is more loans than were granted by the government of Canada, from 1929 to March 31, 1959. Out of 575,015 farms in operation in Canada in 1956, 54,624 farmers were granted a loan under the federal farm loan act, that is 10 per cent, whereas in the province of Quebec, loans were granted to 56,803 farmers, out of a total of 120,000, i.e., more than 50 per cent. We can tell about the agricultural and political situation of a province when more than 50 per cent of its farmers are indebted to their government, or rather I should say to the Union nationale.

The hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon), during the debate on the motion I introduced at the beginning of the session, asking for the setting up of a fisheries expansion and agricultural bank, made some remarks.

(Text):

Mr. Speaker: Order. I think the hon. member is getting a long way from the bill under discussion. If he wants to discuss his earlier speech on fisheries loans it seems to me he will have a pretty hard time relating it to anything relevant tonight. I allowed him to discuss the credit situation of the farmers in Quebec, but he must keep to this bill.

(Translation):

Mr. Boulanger: Mr. Speaker, when I introduced my motion for the establishment of an agricultural development bank, under the form of a resolution if you prefer, the hon. member for Joliette-L'Assomption-Montcalm gave the history of the provincial farm credit. At that time I raised a point of order and you gave the following ruling:

> It seems to me that it is relevant to a discussion of what steps might be taken here to expand agricultural credit to know what other credit facilities are available to farmers and to draw comparisons between the proposed policy and existing legislation. I would think it was relevant.

Therefore in the circumstances, I suggest that if I establish a comparison between this bill and the farm credit act of the province of Quebec, I am not out of order.

The member for Joliette-L'Assomption-Montcalm, in his argument, compared the provincial farm loan with the federal loan and said:

> First, the interest rate on farm loans should be lowered within reach of the farmers, because in my estimation, the present rate is too high.

We will study the bill. We are anxious to know the views of the minister about the interest rate that farmers will have to pay under the new act. It is suggested to charge 5 per cent or about 5 per cent—the rate that the government pays for its money —plus the cost of supervision and insurance on the life of the farmer. We suggest that the interest rate will increase to 6½ and even 7 per cent. I have made the calculation, Mr. Chairman, and I can assert that the interest will not be 5 per cent as it is now under the present act. Then, I hope that, at the proper time, the member for Joliette-L'Assomption-Montcalm will be able to introduce an amendment or, at least, to rise in defence of the farmers of the province of Quebec.

Mr. Speaker, for several years now, the largest farm organizations have presented briefs to the government all asking for improvements which are generally identical.

Does the member for Roberval (Mr. Tremblay) want to ask a question?

Mr. Tremblay: No. He puts questions to responsible people.

Mr. Boulanger: If I am not responsible, at least be content to listen to me or let me make my speech in peace.

That is how the international council of farming unions came to recommend the establishment of a federal agency under the Department of Agriculture instead of under the Department of Finance. I find that this has been done, and I commend the Minister of Finance (Mr. Fleming) for transferring administration of that agency service to the Department of Agriculture. Such an agency would include a loan supervision service, along the same lines as under the Veterans' Land Act. This suggestion has also been put forward by the Canadian Federation of Agriculture, which favours a farm credit supervision service. This means that the services of an expert on agricultural matters will be available to borrowers so long as their debt has not been refunded in the proportion of 25 per cent of total assets. Only then will supervision stop.

Both organizations call for a reduction in interest rates. The international congress of agricultural unions suggests that interest should be between 3 and 3½ per cent. On the other hand, the Canadian Federation of Agriculture urges that interest rates be equal to government loan costs, plus a fee to provide for a reserve, but suggests that administration be the government's responsibility.

Two other points on which there is general agreement are an increase in maximum amounts to be loaned by the government, and the percentage assessment on property. The maximum amount should be $20,000, and the Canadian Federation of Agriculture recommends an assessment rate of 80 per cent for loans up to $8,000, dropping gradually to 65 per cent for loans between $16,000 and $20,000.

All loans granted based on a 70 to 80 per-cent assessment should be under the supervision of government experts. Such are the main features of the improvements that should be made to this bill.

Mr. Speaker, in rising to state my views on this bill, my purpose was to show the good and particularly the bad features that will be included in this act if it is passed in its present form.

The purposes we are trying to achieve in considering this legislation are serious enough to warrant proper time to consider it.

It would have been wise to introduce this legislation at the beginning of the session, so that we could have considered it more fully and thus have had more time to consult experts and all farm associations across the country.

This most important bill, which may involve serious consequences—

Mr. Speaker: Order. I regret to interrupt the hon. member but his time has expired.

(Text):

Mr. Arnold Peters (Timiskaming): We wish to endorse this bill and to give it our support. In doing so we should like to mention not only the good things that are in it but a number of the things which we consider are not satisfactory.

In recent years, in my own area, the old Canadian farm loan board has been reluctant to make loans to farmers. The valuations which they have placed on farm property and the amount they were prepared to lend on cultivated land have been exceedingly low and, in consequence, it was almost impossible for a farmer to borrow sufficient money to enable him to establish himself in the light of present day conditions in agriculture. However, there are, in my opinion complications with regard to extending long term credit, and I think the experience of the work of the officials of the Department of Veterans Affairs in relation to the Veterans' Land Act is something which we cannot overlook. Indeed, we should give close consideration to it when we are considering any type of farm credit.

The Veterans' Land Act, in extending credit, made provision for careful supervision, and it seems to me that when we extend long term credit to farmers we could do those farmers no greater disservice than to supply them with a large amount of money, with the consequent necessity of heavy repayments over a long term at considerable rates of interest, unless we supply also a measure of guidance where necessary. It is evident, of course, that the money can only be paid off if the loan which has been advanced is used advantageously. I believe it is generally agreed among farm organizations that farm loans have not served this end. I was surprised to observe the number of loans made to farmers which have been put in the courts for foreclosure during the last few months. In some instances farmers had borowed $2,500 five or six years ago. Their farms are now being foreclosed upon. Although the farmers made some payments and attempted to pay the interest they are still required to pay amounts of over $3,000.

With respect to supervision, I feel it should not be by agreement but by compulsion. No loan should be given to a farmer unless some supervision can be given so that the loan can be repaid on the terms agreed to by the vendor and the borrower and the farmer can maintain his standard of living on the farm when making these payments. It would not be advantageous for a farmer to obtain a loan that would not directly increase his

productivity so that his income would be increased by an amount that would make it possible to repay the loan and maintain if not increase his standard of living.

Several other things should be in the bill. One is the provision of a definite interest rate. Interest rates in Canada have been rapidly increasing. Because of government policy we are now in the position where the government pays interest rates of 5½ per cent on one year borrowings. The interest rate should be set at a reasonable level of 5 per cent or less to be of assistance to the farmer. We should bear in mind the experience we have had under the Veterans' Land Act. If it is left open as it appears to be in the bill it will be found that interest rates of 6 to 6½ per cent on long term borrowings will obtain and these will not be advantageous to the farmer. A farmer would consider himself well off if he were to make a 5 per cent profit on his investment of $30,000 or $40,000.

There is one other major defect in this bill and I refer to insurance. We have just discussed the crop insurance bill which took into consideration crop failures. We must include a clause to make it possible for a mortgagor in borrowing money from the federal government not to have to make any payment on the principal of his loan if the area—not just his farm but the area in which he lives—is declared to be a disaster area or a depressed area or one where the crop fell below a certain percentage. This would not be expensive insurance. There have been requests from many sources for consideration of a similar provision with respect to mortgages on houses. It has been requested that when an area is in a depressed state because of unemployment the people holding mortgages should be exempted from payments on principal. This could also apply to credit for farmers.

Once a farmer falls behind in his payments and the interest begins to compound it is almost impossible for him to catch up on his double payments regardless of how well he may do next year.

We should also extend sickness insurance to this bill. Few farmers are covered by sickness and accident insurance. When a farmer falls ill and cannot do his work the mortgage payments build up. I know of a case where a farmer took ill for two years. The farm ran down during that period and his payments had not been made. Pressure was being exerted on him by the machinery companies and by the Canadian farm loan board. One would not expect the board to have pressed him. When he was finally able to work he reached the conclusion that he could not recoup his losses and so the farm was sold. He simply could not see his way clear to ever catching up on the payments.

If the government can give no consideration to mortgage insurance for sickness and crop failure I urge it to give consideration to assisting the farmer to carry on under a life insurance policy to cover the full extent of the loan, even if this is done at the expense of the mortgagor. This should not be a surprising suggestion and it would not be an expensive type of insurance. If I go to Household Finance Company to borrow money to buy an automobile the company will insure the loan. If I die owing the money even the Household Finance Company with all its faults will arrange it so that the family can own the automobile and not have to make payments on it. I see no reason why this government cannot at least put into the legislation a compulsory feature of having life insurance on the mortgagor so that when the breadwinner of the family dies the mortgage is covered.

This matter is very important Mr. Speaker, because there are hundreds of thousands of farmers in Canada who have had mortgages on their farms all their lives and when they die they will be leaving their families with mortgages that they have been struggling all their lives to pay off. I think we can do no less than assure that when they die, if at no other time, they will leave to their families farms without mortgages.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I realize this is a very improper time to rise but I assure the house that I will not impose upon them. I want to be called if I am longer than about two minutes. This subject is something that I spoke about when the Veterans' Land Act amendments were up. Afterwards, I heard from indirect sources that I had spoken rather wildly when I suggested that the same volume of loans outstanding under the Veterans' Land Act could be taken care of by the same civil service staff as is contemplated would be required by the new program. I just want to give one or two instances to the house. The Veterans' Land Act had 3,000-plus fewer borrowers last year than the year before. They added only 260. Everybody can appreciate that they need a fairly constant staff in the supervisory work that we know they do very well.

The minister has introduced a new feature, in connection with general farm loans, of a supervisory character. I notice that the bill contains a reference to the utilization of the Veterans' Land Act people, but I hope it is not just a form that is put in there, because I am satisfied that while the Veterans' Land Act loans outstanding at the moment come

to about $200 million, because of our widespread geography they are, shall we say, under-employed, and I am satisfied that they could take on within a year or two at least an extra amount of new borrowings of $100 million and give the appraisal, the inspection, the counsel and the advice needed. I hope the minister will assure us that co-operation will exist.

In January we were told that we would have a centralized farm credit organization. That, apparently, has not developed but I hope the minister will assure us later that we are not going to have another empire set-up under his department in connection with part III of this bill.

I want to commend the minister on the basic terms of this new legislation. I think they are very appropriate. On the other hand, we must remember that even under the former regime, from 1952 to 1956, the maximum amount of loans went up from $5,000 to $15,000 and the maximum appraisal value went up from 50 per cent to 65 per cent.

In so far as the interest rate is concerned, I agree with the last speaker that it is not very conclusive in the bill as to what the interest rate will be, although the minister indicated this was going to be a self-supporting scheme, as the Canadian farm loan scheme has been in the past. It is to the credit of the former scheme that it has never incurred a loss to the taxpayers of this country. In the banking and commerce committee last year the Minister of Finance (Mr. Fleming) paid tribute to that. He indicated that a reduction in interest rates of even one per cent would put the Canadian farm loan board into a deficit position. The profit they showed last year was equivalent to a reduction in the interest rate of only one-tenth of 1 per cent. I objected last year, not to the stabilization of the interest rate under the direction of the Minister of Finance; I simply said it was in contravention of the statutes passed by parliament. I understand that under the new bill the board again is the organization that must decide what the interest rate should be for the foreseeable future.

Mr. Speaker: Before I put the question I want to clear my conscience with the hon. member for Drummond-Arthabaska (Mr. Boulanger) by expressing my regrets for cutting him off. I said he had used 40 minutes. I quite overlooked the fact that he was in the important position of a member replying to a minister moving a government order and really had unlimited time.

I understand that the house does not wish to continue into the committee stage. We might go into committee and report immediately.

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

On clause 1—*Short title.*

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Can the hon. gentleman who is leading the house indicate what business will be taken up tomorrow and, as far as possible, what the estimates will be for the rest of the week.

Mr. Harkness: Mr. Speaker, tomorrow we will start with third reading of the crop insurance bill and then go into consideration of estimates. The estimates which will be considered on Wednesday are in this order: defence production; veterans affairs; and then northern affairs. For Thursday, we will start with the estimates of external affairs; and if any of the ones which have been given for Wednesday are not completed they will then be completed after external affairs estimates have been finished with; and if there are none of those, or when they are completed, we will then go on with trade and commerce. On Friday and Saturday we will continue with those and with mines and technical surveys, followed by fisheries.

At 10.53 p.m. the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

ST. LAWRENCE SEAWAY—MAIN CONTRACT NO. 77

Question No. 424—**Mr. Argue:**

1. Have any payments been made by the St. Lawrence seaway authority on main contract No. 77 (a) fabrication; (b) painting; (c) erection, of the mitre gates and sector gates at St. Lambert, Cote Ste. Catherine, Upper and Lower Beauharnois?

2. If so, to what companies were the payments made, what was the amount and date of each payment, for what, and name of official authorizing each payment?

3. Have any cost-plus work orders been issued in connection with main contract No. 77 above?

4. If so, to what company were they given, on what date, what was the nature of each, what official of the authority authorized and signed each, and on what date was authorization given?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows:

1. Yes.

2. Canadian Vickers Limited, as tabulated hereunder:

Progress estimate No.	Date paid	Gross amount	Holdback	Net amount
1	Mar 12/58	85,155.81	8,515.58	76,640.23
2	Mar 12/58	494,434.28	49,443.43	444,990.85
3	Mar 24/58	134,725.05	13,472.51	121,252.54
4	Apr 10/58	120,005.82	12,000.58	108,005.24
5	Apr 2/58	93,862.97	9,386.29	84,476.68
6	Apr 8/58	21,249.77	2,124.98	19,124.79
7	Jun 16/58	222,567.75	22,256.78	200,310.97
8	Jun 16/58	82,280.05	8,228.01	74,052.04
9	Jun 16/58	56,076.27	5,607.63	50,468.64
10	Jun 16/58	205,733.43	20,573.34	185,160.09
11	Jul 11/58	212,602.33	21,260.23	191,342.10
12	Sep 5/58	351,247.45	35,124.74	316,122.71
13	Sep 5/58	31,272.24	3,127.23	28,145.01
14	Sep 16/58	70,746.04	7,074.60	63,671.44
15	Sep 16/58	72,224.22	7,222.42	65,001.80
16	Sep 12/58	4,806.06	480.60	4,325.46
17	Sep 18/58	444,859.33	44,485.94	400,373.39
18	Oct 10/58	40,091.56	4,009.15	36,082.41
19	Nov 21/58	570,194.19	57,019.42	513,174.77
20	Dec 12/58	73,046.40	7,304.64	65,741.76
21	Dec 29/58	663,370.02	66,337.00	597,033.02
22—part	Mar 9/59	222,893.96	22,289.40	200,604.56
22—remaining	Mar 26/59	230,904.22	23,090.42	207,813.80

fabrication, erection and painting;
A. G. Murphy, chief engineer.

3 and 4. Work order No. 1 was issued to Canadian Vickers Limited on June 6, 1958, for a total lump sum of $3,620, for modifications to top hinge anchors of spare mitre gates, Cote Ste. Catherine lock.

Work order No. 2 to Canadian Vickers Limited, covering 11 features of additional work, in the amount of $30,109.16, is pending.

HARVESTING OF SEA PLANTS

Question No. 496—**Mr. McWilliam:**

1. Is the authority to regulate the harvesting of sea plants, such as Irish moss, rockweed and kelp, vested in the government of Canada or with the provinces?

2. If authority is vested in the federal government are plans being considered to regulate the harvesting of Irish moss?

Answer by: **Hon. J. A. MacLean (Minister of Fisheries):**

1. This is a legal question to which no answer can be given.

2. Answered by No. 1.

COMMONWEALTH FOOD AND DRINKS EXHIBITION, U.K.—CANADIAN PARTICIPATION

Question No. 503—**Mr. Argue:**

1. Was the Canadian government invited to participate in a recent exhibition of commonwealth food and drinks in the United Kingdom sponsored by the Commonwealth Union of Trade?

2. If so, what was the reply of the government?

3. What Canadian products were shown at this exhibition?

Answer by: **Hon. Gordon Churchill (Minister of Trade and Commerce):**

1 and 2. No invitation was received in Ottawa. Officials in Canada house, London, were approached about participation, but declined because it is not policy to take part

in shows that do not offer hope of trade promotion benefit. In this instance, with import quotas for most Canadian foods already filled, inquiries evoked by a departmental display could not have been satisfied, and might have done more harm than good where relations with potential new buyers were concerned.

3. Some Ontario cheese and B.C. canned salmon was shown privately.

APPENDIX "A"

LIST OF UNFILLED ORDERS OF THE HOUSE

Ref. No.	Mover	Subject	Date of Order
2	Mr. Martin	Dominion-provincial conference	Feb. 2
5	Mr. Peters	Establishment of airport at Moosonee, Ont.	"
7	Mr. Benidickson	Television region of Dauphin, Man.	"
8	"	Television region of Fort Frances, etc.	"
11	"	Access to forests, winter work program	"
13	Mr. Argue	Municipal winter work incentive program	"
15	"	Power plant in Saskatchewan	"
16	"	Corres. June 1/57 dom. prov. conference	"
27	Mr. Howard	Dispute CBC employees, Jan. 1/59	Feb. 4
28	Mr. Argue	Amendments to Pipeline Act (Canada)	"
36	"	Crowsnest pass rates on grain, etc.	Feb. 9
37	"	Setting of tolls on St. Lawrence seaway	Feb. 16
40	"	Int. woodworkers of America dispute in Nfld.	"
45	Mr. Chevrier	Regulation of water through int. rapids	Feb. 25
51	Mr. Argue	Physical condition of nat. museum bldg.	"
53	"	Botanical garden by nat. museum of Canada	"
54	"	Working conditions nat. museum of Canada	"
55	"	Resignation of employees nat. museum	Mar. 2
58	"	Human history br. nat. museum of Canada	"
60	Mr. Howard	Bldg of airport at Prince Rupert, B.C.	"
61	Mr. Argue	Reorganization of nat. museum of Canada	"
63	"	Deficiency payments on wheat, prairie prov.	"
82	Mr. Fisher	Lachine section of St. Lawrence deep water	Mar. 25
92	Mr. Argue	Work to be done on Mercier bridge, Montreal	April 8
94	Mr. Fisher	Conservative convention broadcast 1956	"
96	Mr. Hardie	Members travelled outside Canada	April 15
98	Mr. Fisher	Roads to resources program, Kenora, Ont.	"
99	Mr. Benidickson	Corres. Jan. 1/58 relating to roads, etc.	"
100	Mr. Robichaud	Constr. East St. John thermo plant, June 1/58	"
101	Mr. Argue	Corres. since April 1/58, roads to res.	"
105	Mr. Argue	Corres. Central Mortgage, legal agents, etc.	April 20
108	"	Copy of P.C. 24/3539, July 15, 1949	"
109	Mr. Eudes	Appointment of woman to nat. parole board	April 22
114	Mr. Bourget	Dismissal of Octave Bujold, Chandler, P.Q.	April 27
117	Mr. Badanai	CMHC and Vet. Aff., solicitors re	April 29
120	Mr. Regier	Payments by gov't to individuals etc. Nfld.	May 6
122	Mr. Batten	St. John's housing authority	May 11
123	Mr. Argue	Appoint of federal nominees to St. John's housing authority	"
125	"	Unsatisfactory construction Cornwall bridge	"
128	Mr. Carter	Payments by federal gov't to prov. of Sask.	May 13
130	Mr. Hellyer	Lands comprising Chippewa Ind. in res. Sarnia	May 20
131	"	Agreement for sale Chippewa Indian res. Sarnia	"
132	Mr. Fisher	Agreed charges CNR and CPR section 32, Transport Act, etc.	"
135	Mr. Racine	Unemploy ins. benefits for lumber employees	May 25
136	Mr. Argue	Orders issued by St. Lawrence seaway, Jan. 1/55	May 27
137	"	Circumpolar conf. held at Copenhagen, May 19/58	June 1
138	"	Contracts awarded to Polar Eng. Constr. Ltd.	"
139	"	Constr. Yukon-Northwest Territories highway	"
140	"	Scheme for crop insurance, Jan. 1/57	"
143	"	American citizens employed in Ex. Affs. etc.	June 3
144	"	Appointments to Ex. Affs., C. and I., etc.	"
145	"	Positions of policy making level Ex. Affs.	"
146	"	Contracts with LaSalle Eng. Co. of Montreal	"
147	Mr. Bourget	Jean Fournier of Montreal, salary, fees, etc.	"
148	Mr. Argue	Establishment of nat. energy board, etc.	"
150	"	Station CJON St. John's Nfld., Jan. 1/53	June 10
152	Mr. McIlraith	Corres. Jan. 1/58 construction atom smasher	"
155	Mr. Pickersgill	Employment in Terra Nova nat. park, Feb. 18/59	June 17
156	Mr. Fisher	Marine Ind. Ltd. contracts from P.W. etc.	June 24
159	Mr. Herridge	Executive staff of interservice equivalents bd.	"
160	Mr. McGregor	CNR lease property for auto parking, Jan. 1/46	"
161	Mr. Herridge	Interser. equivalents bd. term of reference	"
162	Mr. Fisher	Bridge at Ft. Frances, Ont., Jan. 1/56	June 29
163	Mr. Pickersgill	Private interest to locate in Atlantic provinces	July 1
164	Mr. Argue	Cabinet ministers, broadcasts over CJON, Nfld.	"
165	Mr. Herridge	Employees of Nat. Rev., C. and I. at King's Gate, etc.	"
166	Mr. Argue	Superstructure at Cornwall high level bridge	"
167	Mr. Robichaud	Operation of herring set nets or purse seine N.B.	"

APPENDIX "B"

DOMINION-PROVINCIAL CONFERENCE—OFFICIAL COMMUNIQUE

The dominion-provincial committee of ministers of finance and provincial treasurers met in the Railway Committee room of the House of Commons on July 6 and 7, 1959, under the chairmanship of the Minister of Finance of Canada.

The purpose of the meeting was to consider how the outstanding problems of inter-governmental financial and economic relations in Canada should be dealt with through active co-operative study as a basis for future negotiations.

After the presentation of the views of all governments represented at the meeting, the committee reached the following decisions:

1. The committee will meet again on October 15 and 16 at Ottawa to continue its examination of the many complex questions relating to dominion-provincial fiscal relations.

2. It was agreed that certain questions would be discussed by ministers without further detailed preparatory work by officials. (See appendix.)

3. In the case of other questions it was agreed that further detailed study and report by officials would facilitate discussion at the ministerial level and these matters were referred to the federal-provincial continuing committee on fiscal and economic matters for detailed examination and report at as early a date as possible. (See appendix).

4. With a view to settling certain immediate problems chiefly of a technical and administrative nature, the continuing committee of officials was specifically directed to report on these items prior to the October meeting. (See appendix).

A large majority of the provincial ministers expressed a strong desire that a plenary dominion-provincial conference be held before the end of 1959.

Subjects for Consideration by Ministers

1. The possible need for a negotiating conference on matters concerned with the last two years of the Federal-Provincial Tax-Sharing Arrangements Act, including: (i) rates of standard taxes; (ii) provincial rights in the succession duty field; changes in the effective rate of standard tax under the Estate Tax Act as compared with the Succession Duty Act; the influence on provincial payments; (iii) the basic stabilization amount —application of the increased rate of standard individual income tax to 1957-58 for this purpose.

2. Policy aspects of the financial questions raised in connection with particular conditional grant and shared-cost programs.

3. Policy aspects of the current problems of obtaining capital funds.

4. The establishment of a permanent organization at the ministerial level for federal-provincial economic and financial co-operation that could lead to greater co-operation in the planning and development stages of programs with inter-governmental influence and interests.

Subjects for further consideration by the Continuing Committee.

1. The federal-provincial fiscal arrangements, their purposes, operation, and duration. Alternatives.

2. The Canadian revenue system and its jurisdictional distribution, including such matters as allocation of revenue sources and the possibilities of co-operative taxing or collection procedures.

3. Expenditure responsibilities in the various governmental jurisdictions including the municipalities, and their relationship to present-day conditions.

4. Fiscal need; a re-examination of the principles and the methods employed. The influence on governmental rights and responsibilities.

5. Conditional grants and shared-cost programs. Their motivation and place in the scheme of inter-governmental financial relations. Possible means of co-ordination and simplification. Consideration of specific areas of co-operation.

6. The broader aspects of the taxation of natural resources; the economic and financial implications of the tax burden on primary industry.

7. National development; an examination of various means of inter-governmental financial co-operation in the economic development of the resources of the country.

8. Long range regional development problems.

9. The needs for federal, provincial, and municipal capital.

10. The implications for government of continued cost growth in welfare programs, including pensions, hospital insurance, and unemployment compensation and assistance.

11. National development problems and the burden of relative responsibilities. The financing of long term capital needs.

12. Continuing problems of regional development.

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13. Governmental problems induced by rapid regional industrialization.

14. The economic consequences of failure to develop adequate facilities for technical and advanced training.

15. Fiscal policy as an instrument for economic growth and stability.

16. The effects of inflation on governmental financial interests and responsibilities.

17. The influence of monetary and fiscal policies on provincial and municipal governmental financing and other financial responsibilities.

18. Foreign exchange—the influence of exchange rates on the provincial economy and on provincial financial obligations.

19. Problems of seasonal employment; methods of governmental intervention and control.

Subjects for report by the continuing committee to the October meeting of ministers:

1. Technical aspects of changes in the effective rate of standard tax under the Estate Tax Act as compared with the Succession Duty Act; the influence on provincial payments.

2. The basis and method of calculation of preliminary monthly payments under the Federal-Provincial Tax-Sharing Arrangements Act.

3. Conditional grant and shared-cost programs:

(i) operational and financial control problems,
(ii) payment methods,
(iii) technical aspects of financial questions raised in connection with particular programs.

4. Inter-governmental sales tax exemptions; particularly in reference to the exemption of crown agencies and certain foreign powers under treaty obligations.

5. Taxation of natural resources, and in particular the logging income tax.

6. Technical aspects of the current problems of obtaining capital funds.

7. Distribution to provinces of the income tax from corporations distributing power to the public.

8. The more immediate problems in the taxation of natural resources; the economic and financial implications of the tax burden on primary industry.

9. The more immediate problems in national development; an examination of various means of inter-governmental financial co-operation in the economic development of the resources of the country.

10. The more immediate problems in regional development.

HOUSE OF COMMONS

Wednesday, July 8, 1959

The house met at 11 a.m.

THE ROYAL ASSENT

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

Ottawa, July 7, 1959

Sir,

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Wednesday, the 8th July, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
Lionel Massey
Secretary to the Governor General

EXTERNAL AFFAIRS

UNITED STATES—ANNOUNCEMENT OF VISIT OF SECRETARY OF STATE

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I take pleasure in announcing to the house that the secretary of state for the United States, Mr. Herter, has made arrangements to stop over in Ottawa en route to the resumed foreign ministers' conference in Geneva. Mr. Herter will arrive on the morning of Saturday, July 11, and will leave for Geneva later the same day.

The occasion will offer the right hon. Prime Minister and myself a welcome opportunity to get better acquainted with our distinguished visitor and to exchange views informally with him on some of the problems in east-west relations which are of common concern at the present juncture.

Hon. L. B. Pearson (Leader of the Opposition): The house will welcome the announcement the Secretary of State for External Affairs has just made, particularly in the light of press reports which appeared last evening and this morning to the effect that the secretary of state is coming here for a round of talks during which the Canadian government would make known its own views on the foreign ministers' conference which is to resume next Monday in Geneva.

I think the house would be glad to hear from the minister, when the estimates of his department are considered tomorrow, what the Canadian views are on this very important conference, and perhaps if those views have behind them the backing of all parties in the house and of all members in the house it may be that they will be even more impressive in the talks on Saturday than they might otherwise be.

Mr. H. W. Herridge (Kootenay West): The members of this group were very pleased to hear the minister's announcement, and trust that the Prime Minister and the Secretary of State for External Affairs will seize with both hands this opportunity to restore the waning prestige of Canada in international affairs.

Some hon. Members: Oh.

STARRED QUESTIONS

C.B.C.—T.V. SATELLITE EXPENDITURES

Question No. 111—**Mr. Benidickson:**

1. With detail as to location what funds were (a) spent during 1958-59 fiscal year by the Canadian Broadcasting Corporation on construction of T.V. satellite or relay units; (b) budgeted for the 1959-60 fiscal year for construction of satellite or relay units?

2. Since April 1, 1959: (i) what expenditures have been made? or (ii) financial commitments made respecting each of the said Canadian Broadcasting Corporation T.V. satellite or relay units? (iii) at what date according to present estimates will these satellite or relay units respectively likely be in operation?

Hon. George C. Nowlan (Minister of National Revenue): Mr. Speaker, the answer to this question is long and involved, and consists principally of figures giving details with respect to certain appropriations of the C.B.C. With the consent of the house I should like to pass it on to *Hansard* and have it printed rather than read figures which would be unintelligible unless the columns in which they appear were read at the same time.

Mr. Speaker: Is the house agreed to this being done?

Some hon. Members: Agreed.

[*Editor's note: The answer referred to follows*]

The Canadian Broadcasting Corporation advises as follows:

Inquiries of the Ministry

1.

Location	(a) Funds Spent 1958-59	(b) Budgeted 1959-60
Yarmouth, N.S.	$59,618	$ 15,000
Shelburne, N.S.	49,640	12,500
Liverpool, N.S.	42,454	14,500
Moncton, N.B.	1,505	124,000
Kenora, Ont.	1,882	47,000
Corner Brook, Nfld.	7,932	200,000
St. Boniface, Man.	1,362	35,000
Trail, B.C.	634	77,000
Additional locations not yet determined	—	50,000

2.

Location	Expenditures April 1 to June 26	Commitments April 1 to June 26	Operating Date
Yarmouth, N.S.	$ 600.25	$ 2,674	In operation
Shelburne, N.S.	958.19	2,623	In operation
Liverpool, N.S.	1,219.89	739	In operation
Moncton, N.B.	525.45	62,281	December 1959
Kenora, Ont.	609.39	47,124	December 1959
Corner Brook, Nfld.	39,467.24	146,780	In operation
St. Boniface, Man.	824.00	—	Subject to approval
Trail, B.C.	185.89	46,047	December 1959
Additional locations not yet determined	—	—	Under study

MOTIONS FOR PAPERS

FEDERAL LAND EXPROPRIATION, NICOLET-YAMASKA, QUE.

Motion No. 129—**Mr. Meunier:**

For a copy of all correspondence, agreements, contracts, appraisals and other documents exchanged from 1951 to date between the federal government and the former owners of lands known as commune St. Antoine de la Baie du Febvre, Nicolet-Yamaska county, expropriated by the federal government.

Motion agreed to.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO CALLING OF CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in view of the strong desire expressed by a large majority of the provincial ministers that a plenary conference be held on fiscal matters in 1959, is it the intention of the government to meet that request and to convene this fall the meeting which the Prime Minister once said would take place early in 1958?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. gentleman knows, this matter was discussed and representations were made at the meeting that has just concluded. The Minister of Finance made it very clear that at the resumed meeting to take place in October, this question would in the light of events at that time and in the interval, then be decided upon and determined.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Finance if he would explain to the house the statement he made on television last night to the effect that a federal-provincial summit meeting should be called only if it was reasonably sure in advance that such a meeting would be a success and would produce tangible results.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I did not use the expression "summit conference" at any time, so I am not at all clear to what the hon. gentleman refers. I was asked a question about the conditions under which it would be proposed that a plenary or negotiating dominion-provincial conference might be convened. I pointed out that there was no point in calling these conferences unless there was some reasonable assurance in advance that something was going to be accomplished. At the present time what the provinces which asked for the convening of such a conference before the end of 1959 have in mind is some alteration in the terms of the present agreements applicable for the current five-year period so they would receive more money under those agreements.

I pointed out that a decision in regard to the calling of a conference must depend upon the conditions and those conditions

must, in the light of the present facts, be related to the position of the federal treasury.

Mr. Martin (Essex East): Mr. Speaker, may I ask a supplementary question. Now that the minister has indicated that in so far as the present government is concerned the reconvening of such a conference depends on the federal government's judgment as to its capacity to give further moneys to the provinces, may I ask the minister if it is not a fact that the province of Ontario at the conference yesterday and the day before took the strong position that the calling of such a conference should not depend on the attitude of only one but of the two senior levels of government?

Mr. Fleming (Eglinton): Mr. Speaker, the provinces which asked for the convening of a plenary conference before the end of 1959 supported their request on the basis of the heavy obligations which the provincial and municipal governments are called upon to bear under existing circumstances, and they asked that these facts be taken into account in relation to the decision to be made. I indicated, of course, that we have those facts in mind at all times. We must still, of course, as a responsible government, take into account the position of the federal treasury as well. These are all matters that must enter into the decision that has been asked for by a majority of the provincial governments.

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, sir. The minister having indicated that it would not be sensible to have a conference unless there could be additional payments made under tax sharing, does this mean that the present government has abandoned the policy of trying to allocate the tax fields which they used to advocate when on this side of the house?

Mr. Fleming (Eglinton): Mr. Speaker, the present government continues to follow a sound and realistic policy in this respect, a policy that takes account of the problems, the difficulties and the responsibilities of all levels of government in this country. It is following a policy which has been more beneficial to the provinces than the policies of our predecessors.

I pointed out in this conference, Mr. Speaker, that as compared with the payments to the provinces two years ago, the fiscal year 1957-58, we are this year paying in the form of conditional payments, unconditional payments and tax rental payments to the provinces, $400 million more. In other words, out of the federal treasury, in one form or another, this fiscal year $400 million more is going to be paid for the benefit of the provinces than was paid two years ago, and that—

Mr. Pearson: Hospital insurance.

Mr. Fleming (Eglinton): Yes, that includes the provision of hospital insurance, which has brought substantial benefit to a number of the provinces.

Mr. Speaker: Order. The minister is going beyond the scope of the question, and the exchange is taking the nature of a debate, which is not appropriate at this stage of the proceedings.

Mr. Pearson: In view of the explanation of the policy of the government just given by the Minister of Finance, will the Prime Minister explain the attitude he took during the election campaigns on this matter?

Mr. Diefenbaker: Mr. Speaker, the attitude taken by the Prime Minister in election campaigns, that the provinces receive additional amounts, has been lived up to.

Mr. Martin (Essex East): Mr. Speaker, may I ask the Prime Minister a supplementary question. Will he not agree, in the light of the answer he has just given and the statements made by the Minister of Finance in answer to questions, that the Minister of Finance has completely repudiated the stand that his leader took during two federal elections with regard to the calling of a dominion-provincial conference?

Mr. Fleming (Eglinton): That is utter nonsense.

Mr. Martin (Essex East): And this government stands indicted.

Mr. Diefenbaker: May I say to my hon. friend that however pompous the attitude he may take, it is no answer to the fact that this government has shown the provinces a regard that was not shown by the previous government.

Mr. Martin (Essex East): Never mind the insults; give us the answer. Mr. Speaker, I rise on a point of order.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I think the time has arrived, Mr. Speaker, when the Prime Minister ought to be told by the Speaker that the way to answer questions is not to insult members of the opposition.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): All these catcalls are not going to interfere with my right to ask this question. I suggest to you, Mr. Speaker, that the Prime Minister ought to have it indicated very strongly that under

the rules of this house, if he cannot give a constructive reply he has no right to throw insults across the floor.

Mr. Speaker: I observe that when an argumentative question is asked it is usually met by an argumentative answer. I endeavoured to indicate that I thought that this exchange had gone far enough when the Minister of Finance was answering. This is not the time to debate the issue, and unless there are supplementary questions seeking additional information—

Mr. Fulton: And not provocative statements by the hon. member for Essex East.

Mr. Speaker: —I think we should drop the matter.

Mr. Martin (Essex East): On the point of order, may I say that I know Your Honour seeks to be very fair and is fair in these matters. But I ask you to look at *Hansard* of this morning and see whether I was not fully justified in suggesting to the Prime Minister that if he cannot give a constructive reply when questions are put to him, he is not allowed under the rules of the house to insult one hon. member or hon. members.

Mr. Diefenbaker: Mr. Speaker, there is no question of insult at all.

Mr. McIlraith: Just abuse of the rules.

Mr. Diefenbaker: The hon. gentleman, following his usual course, first asked a question and then made an observation to which there could be attributed only that quality which I applied to it.

Mr. McIlraith: Having been permitted that observation under the rules, I presume it is in order for us to attribute to the Prime Minister the qualities which we may feel his actions warrant and which are quite contrary to the rules.

Mr. Pickersgill: I have a supplementary question seeking information. I should like to ask the Minister of Finance, who is quoted as having said that the premier of Quebec was more interested in cash than conferences, if he can tell the house how much more cash the province of Quebec is getting from the federal treasury now than it got three years ago.

Mr. Bell (Saint John-Albert): Ask Lamontagne.

Some hon. Members: Oh, oh.

Mr. Pickersgill: A very appropriate interjection.

Mr. Fleming (Eglinton): Mr. Speaker, I am deeply impressed by the observation of the hon. gentleman—

[Mr. Martin (Essex East).]

Mr. Pickersgill: I am asking for factual information.

Mr. Fleming (Eglinton): —that he is seeking information. I have not all the details with me in my papers, but I shall be delighted to furnish authentic information to my hon. friend on that subject or on any other subject, because no one in the house needs it more than he does.

Mr. Pickersgill: I wonder whether at the same time the minister could give us authentic information about the province of Newfoundland, to correct the erroneous information given by his colleague the Minister of Justice.

Mr. Fleming (Eglinton): Mr. Speaker, if that was a supplementary question I can assure the hon. gentleman that any proper information in this respect will be gladly furnished with regard to any of the provinces. As to his concluding remark, I think he should be fair enough to recall that the Minister of Justice rose in the house at the very first opportunity he had to give the house the figures he had intended to give in speaking on the occasion to which the hon. member has referred.

Mr. Pickersgill: And which were still erroneous.

Mr. Augustin Brassard (Lapointe): I should like to direct a question to the Prime Minister. Would the Prime Minister be kind enough to tell the house if the premier of Quebec has put forward concrete proposals in respect of acceptance of federal grants to universities.

Mr. Diefenbaker: Mr. Speaker, I have nothing to add to what has been stated in the past, and may I say that the discussions that took place at the conference will be made available to the house, provided it is proper to do so, by the Minister of Finance.

Mr. Fleming (Eglinton): Mr. Speaker, I think I should say to the hon. gentleman who asked the question that the subject of university grants was not introduced into any of the discussions at the conference.

Mr. Pearson: Mr. Speaker, in view of what the Prime Minister has just said may I ask the Minister of Finance when he is going to make the discussions at this conference available to the house?

Mr. Fleming (Eglinton): Mr. Speaker, I informed the Leader of the Opposition last week that it was not proposed to keep any verbatim record of the proceedings of the conference. It was the decision of the conference itself that there should be no verbatim record kept of the proceedings, and the conference was carried on in camera

by decision of the conference itself. There is, therefore, no record to produce, and the decisions of the conference are embodied in the communiqué which was issued yesterday afternoon at the conclusion of the conference and which I tabled in the house at the earliest possible moment.

Mr. Pearson: You should get together over there.

TRADE

TEXTILES—REPRESENTATIONS RESPECTING IMPORTS FROM JAPAN

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): I should like to direct a question to the Minister of National Revenue based on a statement made by Mr. Potofsky, president of amalgamated clothing workers of America and reported in today's *Gazette*, to the effect that continued imports into Canada of clothing from Japan will have a disastrous effect on the Canadian market and parallel industries, with the prospect of an increase in unemployment in Canada. Will the minister tell the house whether the government has received any representations along these lines and, if so, what replies have been made by the government?

Hon. George C. Nowlan (Minister of National Revenue): Yes, Mr. Speaker; I will not say by the government, except the Minister of National Revenue. I have been meeting delegations from time to time representing various industries who have put their views before me, including representatives of the textile industry. When such matters have been advanced in concrete form I have directed that inquiries be made to ascertain the facts of the situation. The matter of textile imports from Japan has been brought to my attention, and my department is now investigating the matter.

CRIMINAL LAW

OBSCENE LITERATURE—INQUIRY AS TO BOOK BY JACK KEROUAC

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Justice arising out of a news report in today's *Globe and Mail* to the effect that a police officer in Toronto visited the store of a book dealer and advised him that a certain book by Jack Kerouac was obscene. Would the minister consider checking this case in order to inform the house later what authority has determined or has the right to determine whether or not this specific book is obscene?

Hon. E. D. Fulton (Minister of Justice): Yes. My attention has not been directed to the particular story, but I shall look into it and find out to what police force the constable belonged, and what if any authority he had for the statement that is alleged to have been made. I will endeavour to give a fuller answer as soon as possible.

IMMIGRATION

INQUIRY AS TO AMENDMENT OF REGULATIONS RESPECTING ORIENTAL IMMIGRATION

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Citizenship and Immigration. Has the minister had time yet to look into the brief recently submitted by the Chinese benevolent association? If so, is she in a position to announce any amendments to the existing regulations in regard to the immigration of orientals?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The answer to the first part of the question is yes. The answer to the second part is no.

HEALTH AND WELFARE

ALBERTA—SALUTE FOR ACHIEVEMENT IN FAMILY SIZE

On the orders of the day:

Mr. E. W. Brunsden (Medicine Hat): May I address a question to the Minister of National Health and Welfare. My question is based on my pride in southern Alberta and its citizens. In view of the fact that Mr. and Mrs. C. B. Hemsing of the hamlet of Rolling Hills in the constituency of Medicine Hat are the parents of 23 splendid Canadians, the 23rd having recently arrived, and in view of the fact that to date a certain other province has been given the honours in Canada for records of this kind, would the minister make inquiries and ascertain if the time is not now ripe for Alberta to receive her proper salute for achievement in this, as in other fields?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to thank the hon. member for having informed me of his intention to ask this question. I feel that Mr. and Mrs. Hemsing are making a great contribution to the Canadian way of life, and I am glad that through family allowances we are able to contribute to their way of life.

Incidentally, with respect to Alberta's achievements in this field, it may surprise the hon. member to know that his province still has a long way to go before it can match

the top provincial averages for the allowance paid per family, which is the only yardstick my department has to go by. It may also surprise him to learn that our latest figures indicate that the most productive province by this standard is Newfoundland.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask a supplementary question. As this particular question does not seem to me to involve government policy in any way, will the minister not agree that the family allowances which these 23 children are receiving is the result of Liberal policy?

Mr. Monteith (Perth): There is no evidence that 23 members of this family are receiving allowances.

Mr. H. W. Herridge (Kootenay West): May I ask a sudatory supplementary question of the minister. In view of the announcement of the former minister of citizenship and immigration when in British Columbia that Canadian born babies make the best immigrants, would the minister kindly extend his investigation to the province of British Columbia to see if there has been a liberal response to the former minister's cradle-rocking pronouncement?

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, when the hon. member rose I also rose to ask a supplementary question, and my supplementary question is this. In view of my well known views on this subject, will the minister join my congratulations to his?

CROP INSURANCE

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCIAL SCHEMES

Hon. D. S. Harkness (Minister of Agriculture) moved the third reading of Bill No. C-66, to provide for contributions and loans to the provinces in respect of crop insurance.

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

SUPPLY

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

DEPARTMENT OF DEFENCE PRODUCTION

68. Departmental administration, $7,507,609.

The Chairman: Shall vote 68 carry?

Mr. Brassard (Lapointe): Mr. Chairman, I wonder if the minister would make a general statement?

[Mr. Monteith (Perth).]

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Chairman, at the outset I would refer you to the actual content of our estimates for the current fiscal year. It will be noted that more or less substantial increases are shown over the estimates for 1958-59 for five of the items, and a decrease in one. Only vote 71, which provides for payment of grants in lieu of taxes on crown owned defence plants operated by private contractors, remains relatively unchanged. In addition, the main estimates include one new item, vote 72, and another new item of major importance appears as vote 504 in the supplementary estimates.

I would like to explain briefly these changes and innovations. Vote 68, which provides for the costs of departmental administration, shows an increase of roughly $275,000 or 4 per cent over the provision made in 1958-59. The bulk of the increase is accounted for by salaries and is attributable to normal annual increments and some upgrading of positions. Those factors have been offset to some extent by a reduction in the total establishment from 1,527 positions to 1,509 positions. I might add that this will be the seventh successive year in which both the authorized establishment and the actual number employed have been reduced.

It will be noted that a further increase amounting to $41,500 is included in the supplementary estimates under vote 502. This is designed to provide for increased travel which has been made necessary largely by departmental activities relating to Canadian-United States production sharing.

Vote 69, for the care, maintenance and custody of stand-by defence plants, buildings, machine tools and production tooling, has also been increased from $450,000 to $882,000. There will actually be a decrease for the second successive year in the amount budgeted for care and custody of defence plants in stand-by condition. However, the task of preserving and storing or disposing of crown owned machine tools and tooling has assumed much larger proportions as a result of the completion of programs for the production of the CF-100, Sabre and T-33 aircraft, and the termination of the Arrow and Iroquois programs.

Vote 70 provides a total of $2,907,000 for capital assistance, which represents an increase of $807,000 over the provision made last year. In fact the provision for capital works and equipment accounts for only $1,657,000 of the amount requested under this vote. The remaining $1,250,000 represents a new departure, related to our efforts to increase the participation of Canadian industry

in United States defence programs under the production sharing plan. In many cases in which Canadian manufacturers might be interested in competing with United States firms for such business, an American firm may enjoy a substantial advantage because most of his preproduction and tooling costs have already been written off under previous contracts. The object of the proposed provision, therefore, is to offset his relative advantage, in part at least, by absorbing a portion of the relevant preproduction and tooling costs in Canada.

I would add that this provision is related, in our minds, to the first year or two of production sharing, when Canadian industry must frequently break into production programs which are relatively well established in the United States. During that period we shall be able to judge the effectiveness of this type of assistance, and determine whether or not it would be appropriate or necessary in subsequent years.

Vote 72 is a new item in the estimates this year and it will be noted that vote 503 in the supplementary estimates provides an additional $450,000, bringing the total requested for the year to $950,000. The purpose of these votes is to make funds available to establish Canadian sources of electronic component parts essential to expected Canadian military requirements. The needs of forthcoming equipment programs can be met in this country only if action is taken in anticipation of these programs to tool up industry for production and obtain production samples which will meet military standards. Limited action has been taken along these lines in past years, using funds available to the Department of National Defence for the development of electronic components; however, it was decided this year to place the development of qualified production sources on a more systematic basis, and to include the necessary funds in the estimates of my department.

This is of necessity a selective program in which we must weigh each case in the light of the quantities of the components likely to be required and existing manufacturing capabilities on which we can build. For approved projects, the funds are intended to cover such costs as production engineering, tooling, the manufacture of sample components, test equipment and testing, evaluation for qualification approval, training and cost studies. It is expected that most of this money will be spent on a fairly wide range of projects, each of them involving only a relatively small amount. I might add that while the purpose of this provision, as originally conceived, is to establish sources of components related to Canadian military requirements, the establishment of such sources also assists Canadian industry in its bidding for United States orders.

Vote 73, which provides for the expenses incurred by Defence Construction (1951) Limited in procuring the construction of defence projects on behalf of the Department of National Defence, shows an increase of about $340,000 or 11 per cent over 1958-59. This reflects the expectation that total defence construction expenditures will be almost double those for last year, taking into account the construction of new Pine Tree stations, Bomarc launching sites and the Sage station. Despite this large increase in the program the expected increase in personnel, which is the chief reason for the additional funds, amounts to only about 15 per cent.

Vote 74, for the administration and operation of Canadian Arsenals Limited, shows an increase of $200,000 over 1958-59. For some years prior to last year the volume of sales achieved by this company was sufficient to cover all its operating costs. Last year, however, sales declined to the point where it became necessary to revert to the practice of the post world war II period and appropriate funds to cover the deficits of the arsenals. A further reduction in the volume of sales is expected in the current year, and the gap between anticipated revenue and costs is therefore widened.

On the other hand vote 75, which provides for the cost of construction, improvements and new equipment for Canadian Arsenals Limited, is further reduced this year by the amount of $226,000. The vote covers only capital costs of a general nature and excludes amounts attributable to specific programs; the latter would be covered by vote 70.

Finally I would direct your attention to vote 504 in the supplementary estimates, which asks for $5 million and commitment authority for an additional $4 million to support selected defence development programs. This item is closely related to the production sharing program and owes its origin to the same circumstances which gave rise to that program. As long as Canada was undertaking the independent development and production of the major equipment requirements of the armed forces, Canadian industry was able to build up and maintain sizeable engineering teams and to develop an advanced technology in a number of fields. As it becomes increasingly difficult for Canada to develop major weapon systems independently, the support previously given to development engineering by the equipment programs of the Canadian services is lessened. We are therefore taking

other steps to ensure that existing engineering capacity will be maintained to the greatest extent practical, and that our technological progress will not be impeded.

This is important for many reasons, among them being the serious effect which a decline in Canadian engineering capabilities would have on our production sharing efforts. The weapon systems and equipments which seem to offer the greatest promise for future production sharing are all characterized by a very high degree of engineering content. Canadian industry will be able to share in such production programs only if its engineering capacity can be maintained and its technical competence advanced through the performance of appropriate development tasks. I would emphasize that we are determined that any Canadian role under production sharing should include some of the more demanding work and not be limited to the pouring of concrete or to what is often called "metal bashing".

The choice of projects to be financed from this vote will, of necessity, be restricted to the most promising areas of development, and no attempt will be made to cover the whole field. We must obviously consider the ability of Canadian industry to meet the engineering demands of particular projects. We must also estimate the prospects for future production orders, which will require a forecast of the future requirements of both the United States and Canadian forces. In addition, the development program will be worked out in a long term context to ensure the greatest possible continuity and stability of Canadian industrial engineering. It will also take account of the probable industrial needs of the civilian economy, to which certain lines of technological advantage may be especially relevant.

The method of selecting and administering development projects is being worked out in consultation between my department and the departments of finance and national defence. There will also be continuous consultation with the United States agencies responsible for defence research and development.

I must point out that there is an element of risk in all development projects. Nobody knows for certain in advance whether the expenditures of development funds will produce a piece of hardware acceptable to the armed forces. There are bound to be failures, and this risk will have to be accepted. Even the failures, however, are likely to be offset in part by the technical experience gained by the industrial teams involved. For those projects which are successful, of course, there is every expectation, taking into account the much larger United States requirements, that substantial production orders will result.

(Translation):

Those are the main changes and innovations provided this year in the estimates of this department. The remainder of my introductory remarks will deal with some of the most important aspects of our current activities and with the progress made in respect of the production sharing plan.

During the last fiscal year, expenditures for purchases and construction were hardly lower than in former years. The net value of new contracts and of changes in previous contracts is but only slightly higher than the figure for 1957-58. During the current year, I am not expecting any great difference in the degree of our activities, based on the value of contracts and the amount of expenditures.

However, statistics do not give any indication of the main change which has occurred and which is still being developed in the nature of our work. This change, the setting up of a production sharing scheme between Canada and the United States, follows the important decisions taken during the last year with regard to our defence program. As parliament and the people in general soon recognized, these decisions have shown the growing complexity of modern weapons and the ever more complete integration of Canadian-American continental defence arrangements which make it extremely difficult for our country to undertake alone the development and production of the main weapons.

The government had realized the situation more than a year ago. It was obvious that programs like that of the Bomarc missile and the SAGE system, which were being considered at the time, and also the possibility of other more remote defence programs against ballistic missiles, would require a reorientation of the larger part of our development and of our defence production in Canada. Instead of confining ourselves to the sole requirements of Canadian armed forces, we would have to get more and more together with the United States, and co-operate with them. In theory, these arrangements were provided for in the Hyde Park agreements and the statement of policy of 1950 with regard to economic co-operation. But, this general theory of co-operation had to be put into practice so that it would apply to the new circumstances. This was the origin of the production sharing plan.

Hon. members will remember that on February 23 last, I informed them of the steps we had taken up to that day jointly with the American authorities for the purpose of an actual sharing of production. I may say that we have resorted to every possible means. The Prime Minister (Mr. Diefenbaker) first of all raised the matter during his last summer's talks with president Eisenhower. The Minister of National Defence (Mr. Pearkes) and myself have explained Canada's point of view to the defence secretary of the United States on various occasions, namely at the meeting of the joint Canadian-American defence board last December. We also exchanged correspondence with Mr. McElroy and the late Mr. Quarles, of the American defence department, in which we dealt with general policy but also pointed out Canada's interests with regard to specific equipment requirements in the United States. Officials of both countries, among whom were my deputy minister and the deputy minister of national defence, took part and will again take part in a number of talks in order to direct and accelerate the implementation of the program. Various working groups, consisting of Canadian and United States officials responsible for special aspects of the program, are meeting almost continually.

(Text):

At an early stage in our discussions with the United States authorities we were able to get their agreement to a definition of the objectives of production sharing. As I reported to the house last February 23, we set ourselves an immediate aim of increasing the participation of Canadian industry in the production and support of North American defence weapons; we also adopted a continuing objective which recognizes the long term nature of the problem with which we were faced, and looks to the co-ordination of the defence requirements, development, production and procurement of the two countries in order to achieve the best use of their respective production resources for their common defence.

In pursuit of these objectives two broad courses of action appear to be appropriate for the Department of Defence Production. The first is to obtain United States recognition and acceptance of Canadian sources of supply. This had to begin, of course, at the top, at the secretarial level in the United States and among the assistant secretaries responsible for the procurement programs of the three services.

It is here, of course, to the senior United States authorities that we have had to look for the removal or modification of policies and regulations which would hamper Canadian industry's participation in United States procurement programs. The most important example of action of this kind, which I reported to the house on May 1, was the revision of the "buy American" regulations. The general effect of these changes was, of course, to waive the "buy American" act in respect of purchases in Canada of the main kinds of defence equipment within the capabilities of Canadian industry.

There are other instances of action at the secretarial level to remove impediments. Duty free entry, for example, has always been a problem in the past, but arrangements are being worked out for this privilege to be extended to imports of Canadian defence material. I might explain that the exclusion of duty from a Canadian bid for evaluation purposes, under the waiver of the "buy American" policy, does not in itself provide for duty exemption when the material actually enters the United States, unless a duty free entry certificate has been granted. The problem has, in the past, been felt chiefly at the subcontract level, which will, we hope, be an important area of future Canadian sales. I am now confident that the problem will be remedied.

A further problem related to security restrictions. Most of the important defence programs in the United States carry a security classification, which has often had the effect in the past of excluding Canadian firms from access to these programs. A "need to know" could not be established for Canadian industry chiefly because the Canadian forces had no requirement for the equipment in question. The United States authorities are very strict, and understandably so, in their insistence on a "need to know", and even their own industries are unable to obtain information about projects in which they are not directly involved. Now, however, in most cases the production sharing program has been accepted as sufficient grounds for the removal of this security bar, whenever Canadian firms are interested in projects for which their capabilities may be appropriate. Canadian industry is therefore finding it easier to discuss with the large defence contractors in the United States many of the important programs in which the latter are engaged.

By actions such as these we have obtained a framework of United States policy and regulations which is favourable to Canadian participation. But this is only the first step toward securing acceptance of Canadian sources. Many of the actual procurement decisions in which Canadian industry might be interested are taken at the lower levels of the

United States armed service departments, often at procurement centres far removed from Washington, and by the prime contractors or even subcontractors. It has been necessary, therefore, to embark on a broad program of making United States procurement offices and contractors aware both of the implications of the new policies and regulations of their own government and the capabilities of Canadian industry.

In terms of the man-hours of Canadian officials, this has been and will continue to be a major concern of my department in the production sharing program. We have reinforced the staff of our Washington office which, as the Leader of the Opposition observed a short time ago, can play a vital liaison role with the United States authorities. We have stationed officers at key United States project offices. Other officials have been assigned for as long as six months at a time, to work with United States contractors in an effort to discover and bring to their attention opportunities for Canadian participation. The major United States contractors have also been supplied by my department with detailed reports of Canadian production facilities which could be employed on their projects.

I might say that the United States authorities have recognized the need to make their production sharing policy effective at the level of their procurement offices and contractors, and have supported us generously in our efforts.

We have from the outset enlisted Canadian manufacturers to help in this task of education, and representatives of a number of our industries have visited Washington and major United States procurement centres, both to help us in familiarizing United States authorities with Canadian capabilities and to be briefed by those authorities on United States procurement programs and procedures. A growing number of Canadian firms have also acted individually, sending their representatives to visit contractors throughout the United States. I should like to emphasize that this kind of action—the face to face meeting between Canadian and United States industry—is essential to the success of production sharing.

For the same reason, United States contractors have been encouraged to visit Canada and obtain first-hand knowledge of Canadian facilities. I might add that in doing this we have been confident that Canadian industry would make an impressive showing, and this has, in fact, been the experience to date. Our Canadian capabilities are neither as large nor as broad as those of our great neighbour, but within the limits of specialization Canadian defence industry is the equal of any in its physical plant and manufacturing skills.

All this, then, constitutes one of our lines of attack, going after United States acceptance of production sharing, and recognition of the contribution which Canadian industry can make. The other line of approach has been to help Canadian industry to exploit the opportunities which the production sharing program may present.

I might emphasize at this point that we can only try to help. We have consistently taken the view, in our own procurement program, that the interests of both the Canadian taxpayer and the armed forces are best served when manufacturers compete for our contracts. I can assure the committee that the United States authorities are no less insistent on this point in their procurement programs, and that Canadian firms who are seeking United States defence orders are entering a highly competitive field. In some cases the competition will be largely a matter of price; in others the technical aspects of proposals may be of equal or even greater importance. I know, however, that Canadian manufacturers are aware of this. I am confident that they will go after United States orders aggressively, and will bring all their skills and imagination to bear in the framing of their proposals. If they are not prepared to make this effort, nothing my department can do will make the production sharing program work.

On the other hand I realize that there are ways in which government can help, and we are pursuing these courses as energetically as possible. We are anxious, in the first place, to advise Canadian firms on what is involved in doing business with United States defence agencies and contractors, and to help them to identify the programs in which they might take part. We have prepared and distributed a brochure explaining United States procurement regulations and practices, in which we have tried to include all the information which is necessary to a firm seeking United States orders. As I have indicated, we have arranged for many companies to attend briefings in the United States. We have welcomed inquiries from interested Canadian firms, and I might at this point renew our offer of advice and assistance.

Both the department and the Canadian Commercial Corporation are undertaking to keep abreast of United States requirements, in order to draw to the attention of Canadian firms any opportunities which are likely to be of interest to them. As a result of these efforts, and especially as Canadian industry establishes its own direct links with United

States procurement offices and contractors, there should be no opportunities missed through lack of knowledge.

In addition to the foregoing, there are other more tangible ways in which we may be able to help. I have already outlined two of these in my explanation of the items in the main and supplementary estimates. Vote 70, in part, offers some assistance to Canadian companies who may find themselves competing with United States companies who have already written off most of the tooling and preproduction expenses on previous orders. Vote 504, as I have explained, represents a far-reaching effort to ensure that Canadian skills are kept abreast of developments in defence technology, so that our industry can play its proper role in future production programs.

In addition, mention might be made of the reserve of crown owned machinery which is held by the department. This has been available to Canadian industry over the years to be used on Canadian defence production programs. In some cases items from the reserve might appropriately be made available to Canadian companies wishing to enter into United States defence contracts or subcontracts, providing, of course, that they already have the basic facilities and skills needed for the job.

In summary, I can say without hesitation that production sharing has overshadowed in importance all other concerns of my department in the past year, and will continue in the current year to have first claim on my own attention and that of my senior officials and a large number of officers of the department.

To this point, I have been reporting on what my department was doing, and what it intended to do, to promote production sharing. I feel that this is information which the committee, and the public at large would want and are entitled to have. I realize, however, that in the last analysis it is the results which count.

Firm figures for United States purchases in Canada during the first half of 1959 are not yet available. I may say, however, that during this period United States government procurement offices have placed prime defence contracts in Canada to the value of approximately $32 million. This figure covers Canadian manufactured military equipment only, and does not include construction, maintenance and service contracts. The comparable figure for the first six months of 1958 was $17 million. There has therefore been an increase of $15 million or 90 per cent in direct United States government orders alone. Moreover, within these totals the proportion representing more complex types of equipment has increased and for the first six months of this year accounted for two-thirds of the total direct orders. Since the end of June we have learned of the award of further contracts, valued at over $3 million, for advanced electronic equipment.

To this must be added the value of subcontracts placed in Canada as a result of the combined efforts of my department and Canadian industry to interest United States prime contractors in Canadian sources of supply. Over 100 such orders have been received, with an aggregate value in excess of $20 million. Many of these orders have a significance far beyond their relatively modest value, since it is a common practice of United States contractors to order small quantities for evaluation with the intention of placing substantial follow-on orders if these initial deliveries are satisfactory.

Too much should not be read into these figures. The idea of production sharing is too new and our experience is too limited to permit any very definite conclusions to be drawn. I am satisfied, however, that the initial results justify optimism on our part.

In the remainder of my statement I propose to review the principal sectors of our current production program and the status of the industries involved. In the field of aircraft production, the major government programs in which the industry is now engaged involve the CP-107 Argus maritime reconnaissance aircraft, the CC-106 transport version of this, the CS2F or tracker anti-submarine aircraft and the CC-109 cosmopolitan transport. The order for the Argus will, however, be completed late this year, and a number of subcontractors have already been affected. The CS2F will be completed in early 1960. The effect will be felt by subcontractors several months earlier, but subcontract orders in connection with the Albatross rescue aircraft will provide a partial replacement.

Work on the two transport aircraft will continue for a longer period, and there are now grounds for hoping for substantial commercial orders for both of these. As the committee will be aware, Canadair have already received orders for 15 of the commercial version of the CC-106, with options for the sale of 10 more. Since then other carriers have shown an interest both in this aircraft and their CL-540, which is the transport known to the air force as the CC-109. Needless to say I welcome the initiative shown by the company in stimulating commercial interest in these aircraft, both of which owe their existence to the support given by the government.

Sales of the Beaver and Otter utility aircraft are also continuing, and the Caribou,

which seems likely to satisfy a substantial United States government requirement, is being further developed. The de Havilland Company of Canada has, of course, established a well deserved, world wide reputation as a designer and manufacturer of utility aircraft.

Aero engine production in Canada is now concentrated on supporting the Orenda engines which will continue, for several years, to be employed in large numbers by both the R.C.A.F. and a number of foreign air forces, the manufacture of the 1820-82 piston engine for the CS2F and the Albatross, and the production of Pratt and Whitney piston engines and parts for the world wide market. The repair and overhaul program will, of course, continue to provide steady employment in all sections of the industry, to provide with only a slight falling off as older types of aircraft are replaced.

The sum total of all these programs does not, of course, provide a work load which will support the existing aircraft industry. We therefore attach considerable importance to production sharing in this area and welcome such orders as those which have already been received relative to the Bomarc missile program.

For the same reason, the announcement that the F-104G has been selected as a replacement for the Sabre aircraft in the air division will be of enormous interest to the industry. It is obviously and understandably of great interest to this committee, and although a great deal of hard work remains to be done before contracts are signed I can at least report today on the action we propose to take in the procurement of this aircraft and the kind of program we expect to have.

In view of the fact that we have three major aircraft manufacturers in Canada, each of which is capable of undertaking this program, it has been decided to award the main contract on the basis of competition, in which each of the three will be invited to submit proposals. Whatever may be the outcome of this competition, it is certain that the program will create a substantial volume of work for the Canadian aircraft and associated industries over the next three years. The total cost of the program over this period will run to over $400 million, and at its peak it will create employment for approximately 10,000 people, of whom something over 5,000 will be required by the prime airframe and engine contractors. This work will, of course, be distributed widely throughout industry as a result of subcontracting.

The airframe will be manufactured in Canada with the exception of a small number of parts. Moreover, it is our expectation, based on discussions with Lockheed, that our purchases in the United States of the remainder of the airframe components will be offset by the assignment to Canada of the production of certain airframe sections for the requirements of Germany. For the production of the J-79 engines for these aircraft we are now beginning negotiations with Orenda Engines Limited. It is the opinion of the government that this firm is the most suitable for this work, providing their costs can be kept strictly within reasonable limits, and we are looking to the determination of a firm price.

As in the case of the airframes, these engines will be manufactured in Canada except for a hard core of parts for which tooling costs would be prohibitive in a requirement of this size. Here again our imports of engine parts will be offset by other component purchases in Canada by the United States manufacturers. In other words, both for the airframe and the engine the principle of production sharing has been fully accepted by the United States firms involved.

We are now working toward a similar understanding with the developers and manufacturers of the fire control and flight control equipment required for this aircraft. Until these discussions have proceeded further I would hesitate to forecast the actual production program which the Canadian electronics industry will be called on to undertake. I can say definitely, however, that the greater part of this work will be done in Canada, including a number of tasks which will be of a challenging character and consequently of importance for the preservation of the industry's engineering capabilities.

I might give the committee some idea of the expected impact of this program on future budgets, about which the Leader of the Opposition asked last Saturday. In the current year expenditures will be relatively slight, amounting to only about $6 million. In 1960-61 this will be multiplied almost tenfold, the present estimate being $57 million. In 1961-62 this in turn will be roughly doubled, and the peak will be reached the following year when an estimated $120 million will be spent, assuming current price levels and wage rates. Expenditures will fall slightly in 1963-64, during which year the program will be completed, and thereafter only relatively minor expenditures will be required for final settlements.

A breakdown of costs based on the principal elements of the program may indicate its probable impact on Canadian industry. About 41 per cent of the estimated cost of an F-104G, in fly-away condition, represents the airframe. The engine accounts for about 23 per cent, instruments and flight equipment

for 16 per cent and electronic equipment, including the fire control system, for 13 per cent. The remaining 7 per cent represents payments to the original manufacturers for Canada's share of the design and engineering costs associated with the "G" model of the F-104, together with the licence fee and royalties. The engineering charges which I mentioned provide for engineering the airframe to take the fire control system, and strengthening the wings. These costs will be shared equally with Germany, and the Canadian share will be further reduced if the aircraft is adopted by other countries.

I would emphasize that all the cost and expenditure figures and percentages I have given are simply the best estimates we are able to make on the basis of our production studies and preliminary discussions with the Lockheed company. The actual contractual terms remain to be settled by negotiation. I might add that since the decision was announced last week, my officials have met with representatives of Avro, Canadair and de Havilland to explain to them the basis on which proposals are to be submitted, and it is our intention that the prime contractor shall be chosen, on the basis of the proposals received, within six weeks from now.

Interest has also been expressed in the basis on which prices are to be established. This too, of course, remains to be settled by negotiation, but I can assure the committee that we shall not contract on any cost-plus formula. For some items it may be possible to negotiate firm prices from the outset, but in the main the plan is to start on the basis of target prices, with incentive features. Where this is done we shall subsequently negotiate firm prices as soon as our experience with production costs permits.

The Leader of the Opposition asked last Saturday whether provision would be made for alteration of the terms if there were to be a change in our NATO commitments. I can only say that any changes in the requirement, short of cancellation, will be dealt with by the normal procedure for amending contracts, and that each contract will contain the usual provisions relating to cancellation.

As the Minister of National Defence indicated last week, the first of these aircraft will be delivered early in 1961, about 18 months after the contract is awarded. I might add to this, in response to a question by the hon. member for Kenora-Rainy River, that thereafter the delivery rate will build up to a monthly rate of 10 aircraft, reaching this in six or seven months. Deliveries will continue at this rate until completion of the order by mid-1963. Peak employment under this schedule will be reached early in 1961. We are anxious to get on with this program with the least possible delay, and I can assure the committee that my department will undertake the many negotiations involved with the utmost speed consistent with protecting the taxpayers' interests.

I turn now from the aircraft program to the electronics program. The electronics industry differs from the aircraft industry in that it serves three separate major markets with widely divergent requirements. Defence electronics is just one of these, the other two being the large consumer market for radio and television products and the growing market for industrial applications of electronics. Experience has shown, however, that defence electronics has set the pace of engineering in the industry and has produced the developments on which the growth of the other two markets has rested. The future health of the industry rests largely on the degree to which it is able to participate in future defence programs and, in this way, maintain and develop its engineering skills.

The growing integration of our defence forces with those of the United States probably has a greater effect on this industry than on any other, since the electronics content is particularly high in those weapon systems which form the basis of that integration. We are therefore now in a transition period, which is likely to persist for two or three years, during which Canadian defence electronics production must be reoriented, in a very large measure, to serve a North American rather than a Canadian market.

There is no reason to believe that the general level of activity in defence electronics in this country should decline in the foreseeable future, since the equipment plans of our armed forces, as well as those of the United States, continue to place a growing emphasis on electronics applications. There are also encouraging signs that the Canadian industry, as it showed at the recent meeting of its association, is beginning to adjust itself to the new defence environment, and some initial successes have been achieved in the radar, data processing and communications fields in competition with United States firms.

The other sectors of the defence production program, while they reflect the same changes in defence strategy and establishments, offer fewer opportunities for production sharing.

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

Some hon. Members: Go ahead.

The Chairman: Is it the pleasure of the committee that the minister be permitted to carry on with his statement?

Some hon. Members: Agreed.

Mr. O'Hurley: The shipbuilding program will continue at approximately its present level, which is substantially below the peak of the Korean and post-Korean period. The one major new project to be started in the current year involves a fleet tanker to support the destroyer escorts. It has been decided to invite tenders from Canadian shipyards for the construction of this ship. The original order for 14 destroyer escorts will be completed during the current year. Work has now started on the first of the six additional destroyer escorts, which will be similar to H.M.C.S. *Restigouche* in all essential respects, and the second ship will be begun in the very near future.

While there is a continuing need for weapons and ammunition of conventional patterns, production in these categories is expected to decline further during the current year. New types of weapons may offer some opportunities for the industries which were engaged in this kind of work, but these are likely to be limited by the radical differences in the nature of the new equipment and the relatively small numbers in which they are required.

In summary, it might be said that the defence production program and the industrial complex associated with it are now going through a process of adjustment, reflecting the changing character of modern defence and the increasing integration of Canadian and United States continental defence forces which has resulted from this fundamental change. I am satisfied that the nature of this adjustment is now well understood by the civilian and military authorities and the defence industry in both Canada and the United States. We are determined that the resources of this country shall continue to play an effective role in the new circumstances, and with the co-operation which we are receiving both from our own military authorities and from the procurement agencies and contractors in the United States, I am confident that this can be done.

Mr. Brassard (Lapointe): Mr. Chairman, I should like to thank the minister for his very comprehensive statement in introducing his estimates in the house. I do not intend to deal with the technical questions which have been raised in his statement but I presume that some of my colleagues, far more competent than I am, will have a few words to say about this subject.

(Translation):

Mr. Chairman, I found that the Minister of Defence Production (Mr. O'Hurley) devoted a considerable part of his speech to what he called the contract sharing scheme or plan between Canada and the United States in the defence field.

I shall naturally have something to say in the matter a little later on in my remarks, but, for the present, I want to deal with some extraordinary powers that are conferred upon the minister. I want to mention those powers, Mr. Chairman, because, before 1957, then hon. members who are occupying today government benches and who were sitting then on this side of the house frequently said that the Minister of Defence Production had extraordinary powers, so extraordinary that they could even shake up this country's whole economy. According to them, it was due, of course, to the manner in which the minister was using his statutory powers.

Mr. Chairman, I only want to give two or three instances of those extraordinary powers. According to paragraph (e) of subsection 1, section 17 of the act:

> A contract may be entered into by the Minister without the approval of the Governor in Council if
>
> (i) in the opinion of the Minister, the contract must be entered into immediately in the interests of defence,
>
> (ii) the estimated expenditure, loan or guarantee does not exceed twenty-five thousand dollars, or
>
> (iii) competitive tenders have been obtained and the lowest tender, involving an estimated expenditure not exceeding fifty thousand dollars, is accepted; but the Minister shall make a report to the Governor in Council in respect of any contract involving an estimated expenditure, loan or guarantee exceeding ten thousand dollars and entered into without the approval of the Governor in Council.

A little further on in the act, Mr. Chairman, we find section 23, and I would like to quote the first subsection:

> Where a person who has been requested to enter into a defence contract on terms and conditions that the Minister considers to be fair and reasonable has refused or failed to enter into the contract, if the Minister is satisfied that such person owns or controls facilities that are suitable for or can be adapted to the work required to carry out such contract and that his refusal or failure was without reasonable excuse, the Minister may direct that person to produce, deliver or store, or to construct, as the case may be, on such terms and conditions and within such period as the Minister considers to be fair and reasonable in the circumstances, the defence supplies or the defence project or projects that would have been the subject-matter of the contract if it had been entered into.

In concluding my remarks with regard to the extraordinary powers conferred upon the minister under the Defence Production Act, I would like to quote subsection 2 of section 27. To my mind, Mr. Chairman, that

clause embodies one of the most extensive powers conferred upon the minister under the act. It reads as follows:

> Where a controller has been appointed to carry on a business or a part thereof, he shall be deemed to be the agent of the owner thereof for the purpose of carrying on the business or that part thereof, except that the owner shall not have any right to control the business or that part thereof and the controller may, subject to any instructions of the minister, do all such things as he thinks fit for the purpose of carrying on the business or that part thereof.

Mr. Chairman, nothing would be simpler than to quote other sections of the act and point to the extraordinary character of the powers conferred upon the minister under that act. If I felt I had to deal briefly with the matter it is because, as I pointed out at the beginning of my remarks, some members who were formerly in the opposition and who are now ministers have vigorously denounced those extraordinary powers conferred by the act upon the Minister of Defence Production.

As an example, may I quote the words of the present Minister of Public Works (Mr. Green). Dealing with those extraordinary powers, including the provision allowing the minister to appoint a controller in an enterprise, the Minister of Public Works, then member for Vancouver Quadra and sitting with the opposition, said, as recorded on page 1964 of *Hansard* of March 11, 1955:

> There is no freedom left to business in Canada, Mr. Chairman, so long as that particular provision remains on the statute books of our land.

Mr. Chairman, I am convinced that the Minister of Public Works was sincere when he spoke those words in 1955. The minister is very influent with the Prime Minister and all his colleagues. That is why I believe he has now an exceptional opportunity to remove from our statutes a provision which, if it remains there, will deprive Canadian business of all freedom.

A little later, the Minister of Public Works said:

> A later subsection provides that an investigator appointed by the minister may or may not allow any person whose conduct is being investigated to have a lawyer. The subsection goes just that far. In these provisions, we have a potential tyranny in our land.

Mr. Chairman, that is what the present Minister of Public Works thought at the time of certain powers conferred upon the Minister of Defence Production under the act.

The hon. member for Peel (Mr. Pallett) too, has had some very harsh words to say about those powers conferred upon the minister. I should like to quote but one paragraph of what the hon. member said, as recorded on page 1992 of *Hansard* of March 14, 1955:

> I have often wondered—

The hon. member was referring to the extraordinary steps which the Minister of Defence Production could take in relation to the powers conferred upon him by the act.

> I have often wondered, and I ask myself today, how many of the members who sit behind the minister who administers the department which this resolution concerns, know exactly the terms that are contained in the act. The hon. member for Eglinton—

As you know, Mr. Chairman, the hon. member for Eglinton is today Minister of Finance.

> The hon. member for Eglinton outlined some of the terms very carefully. They go the very depths and roots of our system. They take away, on the strength of one man's opinion only, whoever the minister may be who is in charge of the department at the time, every right to which we have pledged ourselves in the past and to which we expect others in the future to pledge themselves.

It was not only the rights that were safeguarded; the sections of an act, too, were safeguarded by those who came after us. And the hon. member for Peel (Mr. Pallett) added:

> I suggest, as have other hon. members before me, that a resolution could easily have been introduced which would continue the life of the department but at the same time give it only the powers necessary for carrying out its work under our system of freedom of the individual and of enterprise.

Those were the statements made so feelingly in 1955 by the Minister of Finance (Mr. Fleming), the hon. member for Peel, and the present Minister of Public Works (Mr. Green) concerning the extraordinary powers of the Minister of Defence Production. Now, Mr. Chairman, those gentlemen are members of the government; two of them are cabinet ministers, and not among the least, in the Conservative government cabinet. What is keeping them from acting on the pious statements they made, when sitting on this side, about the rights of parliament and the extraordinary nature of the powers vested in the Mnister of Defence Production under this Act?

Mr. Chairman, we are not surprised. We have become used to quoting statements from former opposition members who now sit on the government side. There have been a number of such statements. We have even quoted definite condemnations of certain actions and certain items of legislation passed

by the former Liberal administration in other fields. Then, what did they do when they gained office? What did they do, Mr. Chairman, once they got the power to carry out what they had preached—with apparent sincerity—when they sat on this side of the house? What are they doing now? They just sit there, indeed I might even say they are practically sitting on the statements they made when they sat on this side of the house.

One of the main aspects, or at least one of the aspects which I consider important in the statement made by the minister this morning, is the contract-sharing system, in the field of defence, between Canada and the United States. This is a scheme that already has a background to it.

If, for instance, we refer back to certain newspaper reports giving the background of the minister's and the government's scheme, I think perhaps we may be disappointed with the current turn of events. I must say, however, that the minister and the government are to be commended for taking definite action to obtain, or rather to have Canada obtain, its share of defence contracts, if we are to have an integrated defence with the United States. I commend them on their attitude, but I regret that their efforts, despite all their merits, have not yielded the expected results.

The minister, however, has indicated in his statement that he is very hopeful that current developments and discussions with our United States colleagues will lead to some improvement. I most sincerely hope so.

However, there must be no more of those rather gloomy statements—from our point of view—made to the press by certain officials—I am not referring to Canadian officials. I have here, for instance, an article which appeared in *La Presse* of Tuesday March 10 under the title:

Canada wants more U.S. arms orders.

This is a dispatch from New York, dated March 10:

The request made by the Right Hon. John Diefenbaker, Prime Minister of Canada, that Canada get a larger share of orders for the north American common defence has made pratically no impression in the United States.

Mr. Diefenbaker's remarks in the House of Commons were not even published in Washington; and did not provoke any official answer. In fact, the American people, the American industry, even the majority of American politicians are completely unaware of the serious crisis which has resulted for the Canadian armament industry following the cancellation of the Avro Arrow fighter CF-105.

The article goes on:

The main obstacle to the fulfilment of Mr. Diefenbaker's wish is that, by force of circumstances, Canada's defence is bound to the United States' defence.

I must admit that, since the publication of that article, if we take into account all that it contained, there has been great progress, but I do not think it is satisfactory, and the government will have to work hard and consistently to get our share of defence production contracts.

There was a further article in *Le Devoir* of March 6, 1959. I need not read it, but I do say that many Canadians have read with deep concern the statements of some high United States officials. The article published in *Le Devoir* on March 6, 1959, has the following heading:

Our air forces: the U.S. will provide equipment, aircraft, pilots; our job will be to sweep the runways.

I believe, Mr. Chairman, that Canada, with its technicians—whose ability, devotion and hard work has been rightly praised by the minister—Canada, with its three major industries in that field and the great number of experts who work there, is not asking for favours from the United States in trying to get the share of contracts it deserves. Canada is running a great risk with the United States, I would not say by abdicating its sovereignty, since it has not done so, I believe, but I think our country is running a great risk in relying on the neighbouring government—I do not think I am going too far in saying this—for the choice of certain weapons with which Canada is equipping itself for the defence of our continent. We find proof of this in what happened only recently regarding the choice of the new plane, a matter most ably dealt with by my colleague for Toronto Trinity (Mr. Hellyer).

Again about contract sharing with the United States, I know that words I am about to quote have been said in this house, Mr. Chairman, but I would like to repeat them to show how hard it is going to be for us to reach the goal which the government has in mind, because I hope—not only do I hope, but I gather from the statement the minister made this morning—that the government has set itself a very high standard in the securing of defence contracts. But if I take, for instance, a statement from the Montreal *Gazette*, dealing, Mr. Chairman, with

the meeting of high Canadian and American officials, and with the recent visit to Washington of our minister of defence; I notice that speaking of Mr. McElroy, the *Gazette* had this to say:

(Text):

He—

Mr. McElroy.

—added the United States considered "very modest" a Canadian request to place some of the production orders for these systems with Canadian industry.

(Translation):

I am sure that the Minister of National Defence (Mr. Pearkes) and his colleague, the Minister of Defence Production, have succeeded in making Mr. McElroy understand that we intended to make more than modest requests because we were anxious to share in the construction of weapons to be used for the defence of our continent.

The Ottawa *Journal* of March 23 also published quite sensible remarks which should inspire the government in its dealings with our American colleagues. May I quote part of the item of March 23, 1959 which is headed as follows:

(Text):

What the Canadian government had tried to do, and must continue to do, is to emphasize to the United States that production-sharing is regarded by this country as the very foundation of effective and long-continued defence collaboration. If there is to be no sharing to any substantial degree, then there is bound to be some discouragement of Canadian co-operation in the general association, and more talk, so damaging to our good neighbour (and perhaps to us) about Americans wanting Canadians to be hewers of wood and drawers of water.

(Translation):

Mr. Chairman, the Toronto *Globe and Mail* of May 4, also made quite judicious remarks which I shall bring to the attention of the Minister of Defence Production. I quote from an article dated May 4, 1959, entitled: "A long way from partnership".

(Text):

Canada still gets the short end of the stick. As matters stand, the best our defence industries can hope for is to win some U.S. subcontracts, to make some components for U.S. weapons—and even this will require exceptional effort and efficiency on their part. Yet we have the capacity, as the Avro Arrow abundantly testified, to design, develop and produce completely a wide range of modern armaments.

How can this capacity be utilized? Not by the efforts of individual companies. Defence industries produce wholly or mainly for governments, and to the specifications of governments. This being the case, there is little point in telling them to get out and compete, to get out and find business. The business must be given to them.

To produce orders for Canadian defence plants is the function of the Canadian government. If Ottawa has no orders of its own for the Canadian defence industry—and this seems to be one of the consequences of North American defence integration—then Ottawa must get North American orders for it.

The place to get such orders is in Washington; the way to get them is by top-level negotiations between the two countries—negotiations in which Canada will have to be extremely firm and extremely forthright. The Americans seem to think they can keep us happy by throwing us an occasional sop. They must learn we will settle for nothing less than a full sharing.

(Translation):

And I would like to quote a last paragraph from the *Financial Post* which is very important, I believe, with regard to the story behind our negotiations with the United States for our share of defence contracts. I will read one paragraph only from the *Financial Post* of May 9, 1959, and it is found in an item headed as follows: Canadian Companies Hold Keys.

(Text):

"Canadian Companies Hold Key to Those U.S. Defence Orders." The next two years will make or break this marriage.

(Translation):

This, Mr. Chairman, has to do with our discussions with the United States to get a fair share of contracts. The *Financial Post* goes on to say:

(Text):

If within two years Canadian companies have not got a large slice of United States defence orders, the arrangement will have failed.

(Translation):

I could quote further notes on this matter, Mr. Chairman, but I think I have said enough to pass now to other questions. But I would again urge the minister and the government to really play their part in this connection. It is all very well to tell Canadian companies to submit proposals which might be acceptable to the U.S. government but I believe we have to go a step further. The minister had an excellent idea when he gave or sent to the various companies likely to be interested a booklet of information about the specifications or standards of the U.S. government in this field.

At the beginning of his statement, the minister told us that some items of his department's estimates this year, had gone down, compared to last year. But if my sources of information are reliable, the estimates of the Department of Defence Production for the year 1958-1959 totalled $9,877,086, while, for 1959-1960, they will reach $17,388,120. Although there may have been cuts in some of the items, we can see that there has been an increase of nearly $8 million in the estimates of his department this year.

Mr. Chairman, that brings us back again to the years prior to 1957. I wonder whether the minister could tell us, when he will be kind enough to make his remarks at the end of the debate on the first item, if there

is much of what some former members of the opposition, now ministers of the crown, used to describe picturesquely as "waste and extravagance". We have here an increase of nearly $8 million, as I have just pointed out to the house. Yet, promises had been made to cut waste and extravagance in several departments. One of the colleagues of the Minister of Defence Production who is sitting beside him at this moment—I refer to the Minister of National Defence—also spoke with great feeling on the extravagant expenditures of the department he is now directing. Suggestions had even been made at that time.

However, before going back to the 1957 campaign, Mr. Chairman, allow me to quote an authority in this house in the matter of suggestions to check waste and stop runaway expenditures in the departments. I should like to refer to page 4330 of *Hansard* for June 1, 1955, and to quote just part of a speech made that day by the member for Prince Albert who is today Canada's Prime Minister.

This is what he said at the time:

What did the Hoover commission do? Yesterday the Leader of the Opposition referred to some of its activities and some of the results of its work.

Mr. Chairman, I shall spare hon. members the next few paragraphs and come straight to the important part I want to quote.

Let us have an inquiry such as is asked for by the hon. member for Greenwood,—

He too is a minister today.

—in order to bring about savings. If they are even partially commensurate with those achieved by the Hoover commission in the United States they will run into hundreds of millions of dollars in the course of a year from now. But something more is needed than a Hoover commission, as they found in the United States. They set up the Hoover commission and it went to work on its task forces. Then, throughout the length and breadth of the United States, outstanding leaders in finance, in business, in agriculture, in the labour unions and in the fields of national research formed themselves into a non-profit organization in order to assist in the implementation of the Hoover report. In other words, what they said they wanted to do without regard to party or political considerations of any kind was to do away with the pork barrel pressure groups and substitute the cracker barrel pressure groups of thrift in every part of the nation.

(Text):

The Deputy Chairman: Order. I am sorry to advise the hon. member that his time has expired.

Mr. Brassard (Lapointe): I wonder if members of the House of Commons will allow me to carry on for five or six minutes?

Some hon. Members: Agreed.

[Mr. Brassard (Lapointe).]

Mr. Brassard (Lapointe): Thank you very much.

(Translation):

Mr. Chairman, on another occasion—or rather I should say on two or three occasions —during the 1957 election, the extravagant expenditures of the national defence department and of the defence production department have been mentioned. It has been repeated time and time again that those departments were spending money extravagantly and that a commission should be set up to inquire into both departments, and every other department in fact, in order to put a stop to this shameful waste of the Canadian taxpayers' money.

Mr. Chairman, on May 1, 1959—perhaps some of my hon. colleagues do not know the book I am going to quote—

An hon. Member: The Gospel.

Mr. Brassard (Lapointe): It is what you might call the Conservative bible for 1957.

Mr. Bourget: It has been banned since that time.

Mr. Brassard (Lapointe): Mr. Chairman, here is a statement made by the Prime Minister at Truro, Nova Scotia, on May 1, 1957, according to a news item appearing in the Toronto *Telegram* of May 2, 1957. I quote:

(Text):

Mr. Diefenbaker pledged that a Conservative government would set up a commission similar to the Hoover commission in the United States so that "unnecessary and wasteful federal expenditure could be eliminated."

(Translation):

On May 18, 1957, in Calgary, according to another report appearing in the Calgary *Herald* of May 1, 1957, the Prime Minister said this:

(Text):

A committee similar to the Hoover committee in the United States should be set up to study and make recommendations on government expenditures.

(Translation):

At Woodstock,—and that is the last quotation of the Prime Minister which I will read into the record, because I do not want to take undue advantage of my colleagues' kindness in granting me five or six minutes extra time,—on June 6, 1957, according to a dispatch of the *London Free Times,* issued on June 7 of the same year, the Prime Minister, then leader of the opposition, said:

(Text):

The Conservative party in the house had insisted that the government itself first of all should cut its unnecessary expenditures, should reduce the high cost of big government.

(Translation):

Mr. Chairman, those who are now ministers but used to sit on this side of the house have often indicated and even charged outright that the former Liberal administration had recklessly wasted Canadian taxpayers' money.

Today, Mr. Chairman, I ask the Prime Minister, or I might ask the Minister of Defence Production to convey my message to the Prime Minister, in order to give him the opportunity to fulfil one of the solemn pledges that he personally made to the people of Canada that he would create a commission or a committee to study the extravagant expenses of the government and the various departments. The government has the exceptional opportunity today of practising what it had preached, if it was sincere. But I do not want to cast any doubt on its sincerity.

Mr. Chairman, I did not have time to touch upon other matters with which I would have liked to deal. However, during the consideration of the estimates, and as the various items are called, we shall be pleased to direct certain questions to the Minister of Defence Production.

(Text):

Mr. Fisher: Mr. Chairman, in speaking to these estimates one feels like a tenant raising cain with the charwoman instead of going to see the landlord. Of course in this instance it is difficult to know who the landlord is. Sometimes I think it is the Minister of National Defence, sometimes the Secretary of State for External Affairs and sometimes I suspect that the lord of the manor is somewhere down in Washington. It is difficult to know how far to go in this department. It is rather obvious that the minister has little to do with the policies that determine the expenditures.

The point raised by the speaker who preceded me largely had to do with what the "ins" said when they were out. One point the hon. gentleman did not deal with was the difference in personality between the previous minister of defence production and the present minister. We are all aware of the image that was built up of the former minister of this department. He was made out to be a rather fearsome ogre and perhaps merited all the attacks about the powers given him under certain legislation. The fact that these attacks have led to no consequential change is not so much because the present government is perfidious and is not true to its former stand but because under our form of government power tends to build up around a personality or an individual. I think we should look at other departments of this government and see where that is happening. Fortunately the present minister is not an ogre. I see one minister sitting on the front benches who may be an ogre, but that has nothing to do with these estimates.

In our section of the country we have an example of an industry that is badly in need of defence production orders. This raises a question of the dilemma which confronts the government in its purchasing policy in so far as defence industries are concerned. Over the years defence industries like all others have tended to be concentrated in certain areas of the country and specifically in what might be called the golden triangle from Windsor to Sudbury to Montreal. This concentration has been accelerated in the last 10 years by the fact that most defence industry production is notable for its high capital input and a lessening of its labour input.

This concentration seems to revolve around the fact that in defence purchasing we are getting more and more complicated articles involving more and more engineering skill, as the minister pointed out. This naturally has led to an increased concentration of defence production purchases in the highly industrialized regions. It has meant that the much smaller areas like the lakehead have fallen behind. Perhaps in the natural justice of things these areas should fall behind because they cannot compete in certain terms due to higher transportation costs and the like with the more highly concentrated parts of the country.

In Port Arthur we have an important industry that enjoyed a good reputation for production in the past. In the last few years the company has not been able to obtain substantial orders to make it an important or basic aircraft supplier for the government.

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

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Fisher: I should like to make a general reference to defence production policy with reference to one very narrow sector and one specific industry, namely the Canadian Car Company plant in Fort William. This plant had a record in the last war of producing aircraft. Since the last war it has had some aircraft contracts and it also produced buses. Recently, it moved into the field of trailer production. In other words, we had an amalgam of commercial production and defence production. Not too long ago the company came under the control of the

great industrial—certainly defence production—giant of A. V. Roe. It is another example of the kind of concentration of industry that I was speaking about earlier. Not too long after A. V. Roe took over this company it was announced that the Canadian Car plant would move its commercial operations to Montreal where there was a new, or a newer, plant than they had in Fort William, and that unless there were some defence orders forthcoming the plant at the lakehead would close. The reaction of the community was immediate and to my mind it is the kind of reaction that raises questions about damn fool socialism and damn fool capitalism. Here we have the spectacle of an entire community, labour unions, municipal officials, rotary club and other service clubs, practically every organization in the community, off touting for defence contracts for this particular company.

When the company made the statement that it was uneconomical to go on with commercial operations in this particular plant and that on the grounds of corporate realism they must move to Montreal, they immediately, of course, brought to the fore the question, what about defence production orders in the same plant? Would they not be too high cost? If the same factors are at work in commercial production, surely they are at work in defence production, and so you have the dilemma that the local people were shilling —if you want to use a slang term—with the government for defence production orders to keep this plant going. And yet if the economic justification for the commercial transfer is true, then the adequacy of this plant for defence production orders on the basis of pure efficiency and the cheapest defence products of the best standard at the best price was obviously, or to me obviously, ruled out.

So you had the spectacle of this very large —well, the largest corporate structure perhaps in Canada—A. V. Roe Company, having the community doing its leg work, one might say, and putting pressure on this particular government in order to get a defence contract that would keep the plant open. In fact, in the past the company did indicate that if there were substantial defence orders, it might reconsider their commercial orders. In fact, what has happened is that the commercial production either has been or is in the process of being switched, and so our only hope of keeping that plant open is to have a substantial order.

The minister is aware that the order that the government has—I will not say promised —given every indication of giving to Fort William is the production of the Bobcat, the armoured fighting vehicle of the army, that the Minister of National Defence referred to. This particular vehicle is in the development stage. Ostensibly, or conceivably, if it passes the development test and it fits into government policy, then the government will go ahead and decide to place an order, and if the company puts in any kind of decent bid that order will go to Fort William and so we will keep our plant alive and over a thousand people in employment terms and a much larger number in terms of population of the community will be pleased. But, as I said when I first introduced this topic, there is a question of principle here and a fine opportunity for the government to enunciate a policy.

I pointed out earlier there has been this tremendous concentration in a golden triangle. It is a triangle that happens to fit into the United States concentration and beyond this particular region it is very difficult for secondary industries to get going. In the main they often have to be sustained by some form of government contract. While we can regret this concentration, yet it certainly is a fact that it exists and I think that it is a fact the government has to take into consideration in its purchasing policy. If what I see across the country in all the places outside of this particular triangle, and one or two other isolated major industrial regions in Canada, is true, we have a problem which is much larger than the lakehead problem.

Wherever you go in Canada, outside of the very large areas, you hear this bleat or this call for secondary industries. Every part of the country wants secondary industries. The people realize that the primary industries they may have such as pulp and paper, transportation, and such things, are not substantial enough to give them the kind of development they dream of. Therefore, when you go into northern Ontario, around Timmins or around Sudbury, or when you go into Manitoba and into eastern Quebec, or into any of these regions you hear the talk always, "We want and we need secondary industries". It seems to me that here would be an opportunity for this government in its defence procurement policy to recognize this particular need and to deliberately—that is by deliberate policy—decide to react from the concentration in the highly industrialized regions and deliberately direct their defence procurement policy in giving this type of secondary industry, if it is a type of secondary industry, to the regions and the communities that do not have them at present or are losing out at present.

I could give another example at the lakehead where we are finding that our shipyard cannot pick up orders to compete, and there again we are up against a situation. I certainly hear this, "Oh, would that we had

C. D. Howe around again; C. D. would throw us a ship or two to sort of keep us going". My reference to Mr. Howe is not a derogatory one. I just want to make the point that this sort of thing should not be done from the point of view of largess. An order should not come into Fort William just because we are in desperate need; it should come because there is a government policy to direct this kind of contract and this kind of work to areas that are not taking part and have not taken part in this tremendous concentration of industry. To me, this is one of the ways that this government could indicate by such a policy that it has a long range plan for the economy as a whole. I do not think it has to be ashamed of having a long range plan, if it has one up its sleeve.

The very sobering realization came to me the other day, after looking at a study by an economist on the location of the iron and steel industry in Canada, that most of the dreams of places like Fort William and Port Arthur about eventually having some kind of integrated steel operation are dreams that are never going to come to fruition within the next two or three decades unless there is some completely unusual technical change. This particular thesis argued that the plant of Dosco in Nova Scotia, for example, is uneconomical and that its future can only be guaranteed by different forms of government subsidy.

We have had a number of examples in the house of the kind of subsidy that affects that particular operation. We have had examples in the house countless numbers of times, if you check back over the last few decades, where measures have been brought in that recognize, for example, that the western farming community has problems that require a government policy which will direct and assist them down the line. I suggest to the minister that in the field of defence procurement there is a possibility for a government policy that will really help the smaller communities outside the industrial concentrations to develop or to keep alive secondary industry without the opprobium of being looked upon as inefficient or incapable of competing with the much larger scale organizations that are possible in the Montreal and Toronto areas. It seems to me that this possibility would be an antidote to what the former member for Port Arthur and great cabinet minister, if you wish, in the last government, advocated. It seems to me that his policy of getting things done during the war and in the years immediately after the war, arising from the impetuous nature of the man, was of real worth in terms of war effort but it left out the question of over-all planning and it showed very little consideration of the long term aspects of support for secondary industries or the development of secondary industries in those regions outside the triangle.

It is not within the minister's competence at the present time to enunciate such a policy but I think his department is one area where such a policy can very easily come forward. There are many members of the house who come from communities not unlike the one I represent and who have this very real problem. I imagine that someone who comes from a region embracing some of the smaller cities in the Ottawa valley or some of the smaller communities outside of Montreal or from such places as Halifax and Sydney must be very much aware of this problem and the real possibility of government leadership in this field with the blanket recognition and acceptance by most of the people of Canada, I believe, that here is a situation where straight economic efficiency in terms of the cheapest possible product in the shortest possible time is not necessarily the most important factor.

The final point I want to touch on in relation to the Department of Defence Production is the question of United States orders and the possibilities of Canadian firms getting in on them. Again, in the case of the region from which I come we have the example of rumour and counter-rumour to the effect that the industry involved there has not even been trying to get United States orders. I know that the minister can probably scotch that story and I hope he will do so later during the discussion of his estimates. I think we would appreciate having from him at some stage during his estimates a brief statement about the position of aircraft parts suppliers in this country, with specific names mentioned, and what are the possibilities of the groups in Edmonton, Winnipeg, the lakehead and in other parts of the country aside from the big three to whom he referred who I imagine are Canadair, de Havilland and Avro. I should ask the minister to be frank in his exposition. I think these places would appreciate knowing what is likely to happen rather than to have some golden hope hung in the air which they are not going to be able to reach. If the minister would do that I think it would enable me and the hon. member for Fort William to clear up some misapprehensions that exist in our area, and I would hope he would do the same for the others.

I cannot end my remarks without saying that throughout the past year I have appreciated the pleasant and informative way in

which the minister, his deputy and their associates have always come forward with as much information as they possibly could when they were asked, and in that regard I have no complaints at all about this department. That situation is quite in contrast to that in the Department of Transport and the Department of National Defence. Before you rule me out of order, Mr. Chairman, I want to say that I have never had a straight answer from the Department of National Defence. I should like to suggest to the Minister of National Defence that with regard to sending out letters if he wants to see in operation a technique of giving straight answers he should drop over and have a chat with the Minister of Defence Production or his deputy. He might then be able to improve one very minor aspect of his public relations.

Mr. Broome: Mr. Chairman, I have a couple of specific matters I should like to deal with but before doing so may I commend the minister on the activity of his department in opening the way for Canadian industry to participate in defence production contracts originating in the United States and also with regard to the success the department has had in getting rid of the buy American act from the point of view of defence sharing.

At one time Vancouver was a major airplane manufacturing centre. During the war the Boeing Aircraft Company had large plants on Sea island and produced many planes. It is not a remarkable fact that the majority of the aircraft manufacturing plants in the United States are on the west coast because the physical facilities in regard to airplane manufacturing require rather massive, high structures with very large door openings and such structures are more readily, easily and cheaply built on the west coast where you do not have winters such as occur in the east to contend with. After the war these facilities were absorbed by the overhaul plants of Canadian Pacific Air Lines and Trans-Canada Air Lines.

The previous speaker referred to the decentralization of industry and it seems to me that the major manufacturing complex which is in existence on the west coast is a logical place for an airplane manufacturing industry. It follows the pattern set in the United States, and we have had past experience in that form of manufacturing. We have the skills and the technicians out there to carry it on. We know that Avro, Canadair and de Havilland are the three major manufacturing plants and, to refer only to Avro and Canadair, it would seem to me that they were set up in Toronto and Montreal respectively because the majority of their work was government work and therefore they located in areas that were fairly close to Ottawa so that they would have quick and easy contact with government officials and with the government itself. I believe that we have passed beyond that phase, at least I hope we have, although we do have a saying out on the west coast that we may be 3,000 miles away by air but we are 300,000 miles away as a matter of actual fact.

I would suggest to the minister it is about time that some particular study was given to the problem of spreading out defence contracts across Canada and in particular, so far as I am concerned, to the west coast. I would suggest a team of experts from the department might well visit the west coast and become acquainted with what can be done there. They might have discussions with existing manufacturers on the west coast, including Fairey Aviation and the Bristol Company, who know a fair amount about building airplanes. They could ascertain whether or not a few of these defence contracts in connection with certain phases of airplane building, perhaps also in the electronics field, might be placed with established manufacturers on the west coast.

In general, the procurement of the Department of Defence Production does tend to centre around the manufacturing heartland of Canada in Ontario and Quebec. This is understandable because again the great bulk of manufacturing is concentrated there, and also it is very easy for the representatives of such manufacturers to visit Ottawa and gain information as to what is required. They are in a preferred position so far as being in touch with what is coming up is concerned. Not too long ago I had an instance of this in connection with the construction of radar towers. We have a firm in Vancouver that could build these towers and they were asked by Canadian Commercial Corporation, I believe, to bid on this contract. However, by the time the firm got the information there was not enough time left to prepare a bid. Furthermore, representatives of the firm would have to visit United States defence officials in New York in order to be briefed on the particular requirements. It was just impossible for this firm to compete because of their distance from Ottawa. I think the fact that we happen to be 2,500 or 3,000 miles away from Ottawa should not be an insuperable barrier to our participation in contracts from the Department of Defence Production.

I feel it is up to the department, not the individual manufacturer, to do something to bring the west coast manufacturer into a position where he can complete on an equal

basis, so far as information and engineering advice is concerned, with his eastern counterpart. I would suggest, as I said before, that the area around Vancouver is an ideal area for participation in this F-104G project. Instead of limiting participation to Canadair and Avro or de Havilland I suggest we might consider Bristol or Fairey or some other company on the west coast in order to distribute some of the procurement for defence more equitably across the country. We do participate now in the construction of ships for national defence, but that is the only place where we get what I consider to be a fair break.

There is one other point I should like to make, and that is in connection with the calling of tenders for supplies for the armed forces. The air force has three delivery points, Moncton, Edmonton and Weston, Ontario. Moncton is for eastern Canada; Edmonton for western Canada and Weston, Ontario, for central Canada. In regard to navy procurement, the delivery is to various stores depots, but for the army a manufacturer invariably has to quote a price delivered to the central depot at Cobourg. Since freight is sometimes a major item in building up costs, and since you do not quote an f.o.b. factory price but f.o.b. the stores point, this makes it difficult for west coast manufacturers. Even if these stores delivered to Cobourg have to be sent to depots in Calgary or Edmonton, the western manufacturer has to include the cost of freight from Vancouver to Cobourg, and I consider that to be unfair.

I had a specific case where in actual fact, the freight involved was, I would say, something close to 50 per cent of the cost of the product. The product had to be delivered to Ontario, and then it was shipped back to Edmonton for stores there. This practice was changed, and the prices were quoted f.o.b. Edmonton from then on, but up to that time the department would receive the articles in Ontario and then pay the cost of freight back to Edmonton. The two centres which are probably most affected by this are Vancouver and Edmonton, which are the two major manufacturing centres west of Winnipeg. Finally, I suggest the department might well give consideration to strengthening their local offices in so far as local procurement is concerned, to the point where those local offices are able to advise on the procurement of major materials for the department.

Mr. Pearson: In beginning the few remarks which I wish to make on the minister's estimates I should like to thank him, not only for the comprehensive and clear statement which he made this morning but also for his courtesy in sending two copies in advance over here so that we were able to follow him as he went along. We appreciate that very much. The statement was a revealing one. It revealed—though perhaps it was not required for that purpose because the purpose was obvious, once again that the key to defence production policy is defence policy. The key to the latter, as the minister pointed out in his statement, is the growing integration of our defence forces with those of the United States, which confirmed what the minister of defence made pretty clear in the debate on defence which we had the other day.

Defence production policy must obviously reflect that development in defence policy, which I admit has been going on for many years inevitably, perhaps inexorably, but a development which has gone farther now than ever before, as I ventured to say the other day, in our history. In the light of that, it is natural that defence production policy is now geared on the Canadian side, if I may put it this way, to United States defence policy or, if you would prefer to put it another way, to continental defence policy, which as it inevitably must be is under the major control of the United States, especially continental air defence policy. Of course, Mr. Chairman, this development, and the stage which it has now reached, is a far cry from the talk of emancipating our defence policy and defence production from the overpowering influence and control of the United States, the kind of talk we used to hear so often a few years ago.

The previous speakers from Port Arthur and Vancouver have urged on the minister that he or the government should lay down, as far as possible, a policy of direction in defence production so that procurement may be concentrated in those areas of underemployment, if you like, and surplus facilities. I have no particular argument to make to the minister in respect of my own area in that regard. As long as our defence relies to the extent it does now on nuclear deterrence, perhaps the most important defence production operation in the country is the production of uranium for the nuclear deterrent.

Having served in a government myself, I know of course, because this argument was used so often against us in earlier years, of the difficulties which exist in anything approaching a free economy in the direction by government of industrial and economic activity. Perhaps these is more opportunity, however, to do that in respect of an industrial activity which is so closely associated with government. In view of the minister's statement perhaps it will now be more closely associated than ever with government in peacetime, and probably there is

more opportunity for this in defence production than any other form of industrial production. But while that may be the case, here again the integration, if I can use that word, of our defence and defence production activities with the United States will make it more difficult to direct those activities in Canada to areas where the government might wish to direct them.

The burden of the minister's statement this morning was on the importance of defence sharing with the United States as perhaps the only basis now on which we can maintain and develop a defence production industry in this country. I agree with him, in view of developments over the years, that that is probably the most important aspect of defence industry at the present time; but defence sharing must surely be more than getting orders from the United States for equipment for Canadian use. If it means anything, and if it really is a genuine reflection of the interdependence we talk so much about, it means sharing in Canada production for United States use, or certainly for joint use.

Our experience in this country in the last few years has not given us too much cause to believe that that kind of production sharing is going to develop as it should develop in joint or collective defence. Our experience, for instance, with the CF-105, the Arrow, has been a very unhappy one in that connection. If there ever was an opportunity for the United States to carry out in deed as well as in words recognition of the continental and collective concept of defence, it would have been to have shown at least a greater awareness of the desirability of using that Canadian airplane for general collective continental defence. We know what happened. Perhaps this is not the best example in the world to choose, because after the plane itself had been tested it must have been pretty difficult for the representatives of the Canadian government at that time to sell the idea of its use to the United States when the Canadian government itself was making up its mind that it was not going to be used in Canada. Indeed, in the words of the Prime Minister, it would be obsolete before it would come into squadron operation.

It would be hard enough even without that kind of qualification to persuade the United States to accept Canadian production for United States or for joint use, because it means we have to come up against all the pressures of United States industry. Perhaps they will be even greater than less in the days ahead. There is no place where those pressures are stronger, as I am sure my hon. friend knows better than I, than in the aircraft industry. As the defence industry in the United States sees a reduction of orders, as it is seeing now, in some aspects of defence—I think of the Bomarc, for example, which is having its orders cut $900 million in the next five years—United States industry will be even more careful about permitting, if that is not too strong a word to use, its government to share with Canadian industry.

The minister's statement this morning seems to me to make perfectly clear that if we cannot somehow get Canadian industry into this kind of defence production sharing it will be awfully hard to maintain it, let alone develop it, in this country. I think the statement also makes clear, perhaps more by omission than in any other way, that at the present time the only real outlet for our defence industry outside Canada is the United States of America. Here the prospects, as I have just said, are at least uncertain. The minister points that out himself in his statement, and I would like to quote from the copy which he was good enough to let me have at the point where he says:

> By actions such as these—

And he was talking about the steps which had been taken by the government.

> —we have obtained a framework of United States policy and regulations which is favourable to Canadian participation.

Then he goes on:

> But this is only the first step toward securing acceptance of Canadian sources.

Perhaps I do not need to suggest to the minister that the second step may be more difficult to take than the first. Perhaps he was not unduly pessimistic when he said earlier in this session, as reported on page 1269 of *Hansard* for February 23, 1959:

> The real success of production sharing endeavours depends, to a large degree, upon the determination of Canadian industry vigorously to seek defence business in the United States either as prime or as subcontractors. In assuming this responsibility, Canadian industry must bear in mind that it will have to be competitive with United States industry in terms of technical competence, delivery and price.

That is quite true, of course, but it will have to be more than that. With all the support that the government can give it it will have to overcome the forces in Washington which will be very much on the alert to make sure, even if these obstacles can be overcome, that Canadian industry does not share to any extent in United States production which would constitute what they would call dangerous competition for their own producers.

So there are many difficulties ahead even though some of them perhaps have been overcome, and I am glad of course, as all hon. members of the house are, at the success which was achieved in eliminating those

aspects of the buy American law which remained. That was one step forward, but there are others, and I have mentioned some of the difficulties.

The minister also mentioned another one in his own statement, and that was the difficulty of tariff protection. On that point he has this to say:

> I might explain that the exclusion of duty from a Canadian bid for evaluation purposes, under the waiver of the buy American policy, does not, in itself, provide for duty exemption when the material actually enters the United States, unless a duty-free entry certificate has been granted.

I think it is accurate to say that the importance of this possible obstacle in the way of the development of our defence production through production sharing is shown by the fact that United States duties on defence equipment can be as high as 17 per cent, which would mean that Canadian industry, to get an order on business grounds alone, leaving out all these other things, would have to be 17 per cent more efficient.

The minister also mentioned the security difficulties, and he explained why he thought that most of these had been removed. I hope that is true, because I know what that could mean and, what is perhaps even more important, how it could be exploited by people in other countries. The minister said in his statement that it is the policy of the government to remove these difficulties. In his statement this morning, he said:

> As I reported to the house last February 23, we set ourselves an immediate aim of increasing the participation of Canadian industry in the production and support of North American defence weapons; we also adopted a continuing objective which recognizes the long term nature of the problem with which we were faced, and looks to the co-ordination of the defence requirements, development, production and procurement of the two countries in order to achieve the best use of their respective production resources for their common defence.

That is, of course, the proper long range objective of Canadian policy in this important field, and unless that objective is shared by the United States—and we hope it will be shared—then the progress which the minister has mentioned as being desirable will not be achieved.

The minister mentioned this morning the steps which were being taken by the government to assist Canadian development, and a good deal of money is going to be spent on that. But as I followed his statement this morning, that assistance, and I am certainly not quarreling with him about it, will be for Canadian development not so much for Canadian use as to get a share of United States orders.

Then the hon. gentleman said that one of the ways in which progress had been made was by getting the United States to recognize Canadian sources of supply. It seems to me that ever since the beginning of the second world war the United States has at least recognized Canadian sources of supply for defence equipment, but it is not this recognition that matters, as the minister himself indicated this morning in another part of his statement, so much as the use made by the United States of those sources of supply. He said that certain action had been taken for that purpose, and he thought certain progress had been made, and that in that action and in that progress the government had begun its contact with the United States authorities at the top—at the secretarial level in the United States and among the assistant secretaries responsible for the procurement programs of the three services. Then he went on to say that while it was necessary to begin at the top—and that is certainly true —nevertheless, any progress made at the top level will not be effective in terms of action unless it is followed up at lower levels, so I was glad to learn that the staff in Washington has been strengthened for this purpose.

It will also not be effective unless the same kind of impact can be made on congress as was made on the administration, and that is going to be more difficult. Not long ago I was reading reports of the hearings which took place in Washington on this subject of defence production, and in those hearings the secretary of defence showed an awareness of the joint role which must be played in the defence of the North American continent and of the importance of the United States recognizing the real necessity of co-operation in this matter, and he tried to explain this to the committee. But I read very shortly afterward that, perhaps alarmed by the reaction to his words in certain circles in the United States, he had attempted to remove what might have been a political risk by saying that certain people who had been concerned by his statement need not worry too much because, naturally, the position of the United States producer would always be considered as paramount. So there are going to be difficulties about carrying out this essential principle of defence sharing.

The minister said some time ago in the house in an earlier discussion, and I could quote from *Hansard*, that it is in the United States subcontract field that the greatest results can be achieved through the production sharing arrangements which the government had set up in conjunction with

the United States. Today, he said with regard to that matter, and his words were, I think, very important:

> I would emphasize that we are determined that any Canadian role in production sharing should include some of the more demanding work and not be limited to the pouring of concrete or to what is often called "metal bashing".

I agree with him that if the major portion of Canada's defence production in respect to this sharing arrangement takes the form of subcontracts or minor contracts we shall not get very far. It seems to me that it would be intolerable, if Canadian producers wish to get this kind of defence business that they must accept the position of becoming marginal suppliers and subcontractors for United States industry, with all the instability and uncertainty that such a provision implies. How we could ever maintain and develop a defence production industry on any such basis as that I do not see, and I hope we will not have that experience. We could surely never expect the Canadian defence industry to expand or even, perhaps, to survive in conditions where it would become a mere adjunct of United States industry completely dependent on the generosity of United States producers and on the comprehension of the United States government.

That secondary position is certainly not acceptable. It would have the further great disadvantage of eliminating Canadian industry from major development work in this field, and I take it that the purpose of the expenditure which the minister talked about this morning to assist in Canadian development is not to develop Canadian industry so as to occupy such a subordinate continental role but to develop the Canadian defence industry on its own so that it could play its proper Canadian part.

As we all know, not very much scientific and technological research is done at the present time in Canada, at least in comparison with what is done across the line in the United States. We know that development work in air defence projects up to a year ago has partially filled and, I think on the whole, successfully filled this important gap. It was that development work which enabled Canadian industry to keep together large teams of scientific and highly qualified personnel working on defence technology.

According to the figures I received there were a year or so ago 7,100 scientific and engineering personnel in the aircraft industry or the associated electrical and electronic industries. If we in this country are eliminated from major development work in this field we will surely suffer a major blow because obviously we will gradually lose our teams of qualified engineers and technicians and those who are at present teaching in Canadian institutions will not find the same employment opportunities in Canada in this field. That in its turn means we will become more and more dependent on United States technology not only for defence production but for our industrial development.

In this field of defence production there is a real danger that our industry will more and more give up development work for all practical purposes and even to a large extent the production of equipment and weapons, and our aircraft and allied industries, if they survive at all, will survive in a subsidiary role to far too great an extent as subcontractors for United States industry.

We have been told that if the western world is to survive we must accept interdependence. I think Canada in the past and at present is showing its willingness to work within that new system of relationships. We have participated very actively in all aspects of the NATO alliance through financial contributions and industrial contributions as well as through armed forces stationed in Europe. How can we go on doing this if the financial and other burdens involved in those commitments not only put us in a position where our territory itself has to be protected largely by the United States but where our own defence industries depend largely on the United States for their survival?

In the field of defence procurement and production we in this country in the past have accepted, and we must accept, the implications of interdependence with the United States and our other NATO allies, but if interdependence is to mean anything except as a word used in a speech, it has to be a two-way system of relationship. We in this country cannot be asked to make all the sacrifices in the name of interdependence. More specifically, I believe we cannot accept for the sake of an apparent interdependence the dislocation of our defence industries because of their too-close association with United States industry and because that association may lead to a dominant position over Canadian industry by those United States industries.

That is why I suggest that Canadian policy not only in the field of defence but in the field of defence production must be completly re-appraised in consultation with our allies to see how our own interests can best be served and what can be our best contribution in a truly interdependent community.

Before I sit down I should like to mention three points which I feel should guide that kind of reassessment. First, I believe that free trade should be established as soon as possible between all NATO countries with

respect to defence production. Surely if we are going to recognize and be asked to implement interdependence effectively in this field we have to abolish tariff protection and all other obstacles to a free and easy movement of defence products within the North Atlantic alliance and certainly across the Canada-United States border. There is no difficulty in that respect in the other great defence area which is so much a threat to our security now that we have to spend these hundreds of millions of dollars, and if we are to be effective, economically and industrially, as we face this other great area, surely the time has come when we can remove these obstacles at least as they concern defence products.

When I say that I have a realization based on experience of the difficulties which will be advanced against a proposal of that kind and I know we have not made very much progress over the last ten years in the NATO alliance in removing these difficulties but I think we have to keep at it. After all, it is the test of the reality of our interdependence.

Second, I believe that sharing arrangements should not be restricted to the possible participation by one country in another nation's defence production program. At present I think that is Canada's position to far too great an extent. Perhaps the minister will be able to reassure me on that point by telling me how often and to what extent the United States has used Canadian production for its own purposes.

Defence sharing arrangements, as I understand them, must involve the assignment by the whole alliance of specific production sectors to individual countries so that those countries can really specialize in those fields and be sure to have sufficient details to develop manufacturing facilities under optimum conditions of efficiency without fear that other countries will enter into those production fields and dislocate existing facilities.

There again I know the problems involved. There is no better illustration than that found in the case of the CF-105. At the time that the CF-105 was first under consideration, I think I am fair in saying it was admitted in Washington that there was no plane in the United States that had been developed which was comparable to the CF-105 up to that time. I am talking about this plane two or three years ago. But that did not prevent the United States aircraft industry from going to work and developing planes which would be competitive with the CF-105 and which they eventually decided to use themselves. That is not the way to work out defence production sharing in the North Atlantic alliance.

Third, we should make sure that the specific programs assigned to a given country would be carried out effectively and that other countries could safely rely on the quality of the work being done by that country. We should do that by making arrangements to staff the development teams with the most qualified personnel available for this purpose in NATO, and to provide continuing information in consultation with all other interested countries in the alliance.

Almost ten years ago when those very principles which I have just mentioned were debated and discussed in the NATO council and in all the NATO agencies, they were agreed on in principle and there were defence production committees set up to see if they could be implemented in practice. I confess there was not very much progress made but that does not mean we should give up the search for that objective which is perhaps more important now than it was even in those days.

The three proposals I have outlined have, I know, far-reaching implications and results. This is the reason why they would be so difficult to achieve. Their achievement, however, would benefit all the countries inside the alliance and strengthen NATO which is so vital to the defence of the western world and provide a far better basis for the defence industry in Canada than that which we are likely to achieve if we have to depend almost entirely on the United States for the maintenance and development of that industry.

Surely it would be a wise thing for the Canadian government to take the initiative in this field and put forward proposals of this kind and pursue them at every possible opportunity, both in Paris at the North Atlantic Treaty Organization and—perhaps even more important—in Washington and in the Canadian-United States committees which have been set up in recent years.

The Chairman: Shall the item carry?

Mr. Hellyer: Is the minister going to reply to the questions which have been asked?

Mr. O'Hurley: Mr. Chairman, my first remarks will be to reply to some of the suggestions made by the Leader of the Opposition. In my statement this morning I took great pains to make our position quite clear, as the Leader of the Opposition admitted, on this production sharing program that we have embarked on so extensively. I fully realize the difficulties we are going to meet and are meeting, but I also wish to be frank with the people and with the members

of this committee. I say that we have obtained certain results. I am not over-optimistic because, as the Leader of the Opposition said, there is a powerful lobby in Washington and they have an aircraft industry of their own in the United States that needs to be sustained. On the other hand, since we have embarked on this program and really worked hard at it, we have obtained results and I am optimistic enough though to say that my hope is that in the months ahead, we shall have extensive orders and shall keep those good relations which exist at the present, not only with the superior officers in the defence department in Washington but also with all levels mentioned and officers down the line.

To come back to interdependence; as the Leader of the Opposition said, it is a two-way road. I want to make it perfectly clear, and I want to emphasize it here today, that on different occasions the Prime Minister has taken exactly the same position, and he did not pull his punches when he said that interdependence of the United States and Canada has to work both ways. This afternoon I want to make my position perfectly clear, as I have in the past, by saying that our strong and good neighbours to the south have to come across to the Canadian people in this production sharing. That is what I am out to achieve and that is what my department is working for. When I present my estimates another year I hope to be able to report that I have obtained some results.

The Leader of the Opposition talked about some figures. I have a list of contracts in front of me which amounts to $31 million of prime contracts and the $20 million that I mentioned this morning in my statement. I tell the Leader of the Opposition that it is practically all for the United States army. This is an example: Radome panels, $19,000; calibration and repair of test equipment, $391,000; components for communication systems, $3,558,000; engine spares for the United States, $2,873,000; equipment and spare parts for radomes, $252,000; engine spares, again for the United States, $4,197,000; electronic spares, $443,000; and so on.

I have here a long list of subcontracts also which are in great part for the armed forces of the United States. I appreciate very much the kind remarks of the Leader of the Opposition about the statement I made this morning and about my sending him a copy, which was a pleasure. I also extend to him my appreciation of the remarks he made this afternoon. I have taken note of them and I shall be pleased to peruse and study them in *Hansard*.

I should just like to answer my good friend from Lapointe who spoke extensively this morning with a lot of charity because we know each other pretty well. He spoke about the dictatorial powers given to the Minister of Defence Production by certain sections of the Defence Production Act. In reply I wish to state that by statute sections 23 to 31, inclusive, terminate on July 31 of this year, and the government is not renewing these sections which give dictatorial powers to the Minister of Defence Production. Therefore, I hope that my hon. friend from Lapointe will not be worried over the fact that I shall be a dictator by desire.

He also mentioned that there was a substantial increase in the budget. I explained in my statement this morning that the increase in the budget is primarily due to this $5 million increase for the new program of technological work that we intend to do and to continue with this production sharing, where we have an amount of $7 million in different items to help Canadian contractors compete in the United States field.

The hon. member for Port Arthur expressed his interest in the Canadian Car and Foundry plant at Fort William, but some of its employees are from Port Arthur. As the hon. member knows, a delegation came here to meet us on two different occasions to try to have work placed in this plant. To the delegation consisting of all the social clubs and the authorities of these two cities we expressed our sincere hope that we could do something for this area. To be perfectly frank, I want to tell the people what the Canadian Car and Foundry Company are doing at the present time. I want this to go on record. The main activity of the Canadian Car and Foundry Company Limited, Fort William, has been the fabrication of centre sections, wings, and surface controls for the CS2F on a subcontract basis from de Havilland. In addition, they are fabricating Otter wings, also on a subcontract basis for de Havilland. At present, Canadian Car and Foundry have approximately 10 CS2F components to complete at an approximate value of $1,211,478. Canadian Car and Foundry are working on 25 sets of Otter wings at an approximate value of $250,000. They also have some small contracts for Harvard components.

The Fort William facility has also been actively soliciting business in the United States under production sharing arrangements but as of the present time they have not yet been successful in obtaining any contracts. The development of the Bobcat vehicle, to which the hon. member referred, is continuing very well at the Montreal facilities of this company but it will be some months before any decision can be made about its production. I have said, and I have expressed the same view to the personnel of

my department, that in this production sharing we hope to have the chance to bring some production work into the plant at Fort William.

In reply to the hon. member for Vancouver South who spoke of spreading defence contracts across the country and especially encouraging the west coast,—and I should like this reply to apply to the hon. member for Port Arthur as well—we are striving as much as possible in our purchasing in the different spheres of this department to purchase in the areas affected. For the information of the members of the committee I may say I have received very strong reproaches at different times from hon. members who have said that they used to sell to defence production in certain areas and today they are losing the chance to make those sales. Well, this is because we are trying to buy in areas where the articles are needed and where the food is needed across the country. This is why in the maritimes, for example, this year, although our purchases across the country were down 6 per cent, we had an increase of 20 per cent. We have tried to purchase more in the areas affected, the maritimes, Quebec, Ontario, the three prairie provinces and the Pacific coast. The Pacific coast is an area where there are certain problems. Of course we have to think cost-wise and we have to think of quality but I can assure the committee that as much as possible we strive to do our utmost to buy locally in the areas I have just mentioned.

In my statement I tried to give hon. members a clear picture of what we are doing in defence production and our hopes of improving Canadian industry by production sharing. But I want to admit very frankly that I know the troubles and the work that lie ahead for the officials we have appointed in the United States, the officials of the department here and the government itself in getting substantial orders from United States industry. I want to emphasize that I wish it to be clearly understood by the United States authorities that if we enter into production sharing for the defence of the North American continent it is a two-way road and that there has to be a give and take attitude. That is my position and, as I said a while ago, I hope we will get results in the months ahead.

Mr. McIlraith: I should like the minister to clarify one point in the remarks he has just made. It has to do with the distribution of contracts within the country. Does he not realize that at a time when the total value of contracts awarded throughout the country is declining and the number of those in the armed forces is not materially decreasing the percentage spent on food supplies and the like for the forces, involving mostly local expenditures, would be a relatively larger proportion, and that when he gives statistics, as he did a moment ago, for the increase in purchases in the maritimes they can be quite misleading on this somewhat difficult subject, although I am not questioning their accuracy? Does he have that in mind and does he not also realize that the completion of camp Gagetown and the movement of more troops into that camp would have some bearing on the quantity of local purchases in the area? I want to make that observation because I think that if the statement of the minister on the point is left as he made it it is capable of creating a wrong impression. While the statistics are accurate enough, the statement is not quite adequate in doing justice to the subject.

Mr. O'Hurley: In reply to the hon. member for Ottawa West, he will realize that the maritime provinces have an economic council which is very active in encouraging industry and selling merchandise in the martimes. The figures I just gave were given offhand but we found that a lot of the purchases for the maritimes were made through the city of Montreal. For the last year we have been concentrating more buying in the maritimes. For example, potatoes used to be purchased in Montreal. They were produced in the maritimes, shipped to Montreal and then sent back to the maritimes. That is just one example of better results by following the policy of buying locally. I gave a figure indicating an increase of 20 per cent over the amount bought in the maritimes the previous year, but if the quantity was very small the previous year it has to be increased by one-fifth to get the increase of 20 per cent for the year I am talking about.

Mr. McIlraith: I wish the minister well in his effort to increase purchases in that area but the point I want to make is that the statistics by themselves are capable of being very misleading. I have been fairly familiar with them in the past. If he will look at some of the places where purchases are indicated as having been made he will find, for instance, that meat purchases from the Burns Company used to be listed as having taken place in Ottawa, which was completely misleading. Perhaps I do not need to pursue the subject beyond indicating that I hope he is making some progress and I trust he will not assume that statistics such as he has given are proof of his success in that field.

There is another point I want to raise having to do with a matter that arose during the discussion of the Department of National Defence estimates the other day. We were dealing with item No. 222 which is listed as being for the construction or acquisition of buildings, works, land and major equipment for the Royal Canadian Air Force. When we look at the particulars of that item as found on page 314 we see one major item under major procurement of equipment namely aircraft and engines.

When I asked questions about that item I discovered from the Minister of National Defence that there was included in that procurement item an expenditure of $45 million for the termination of the Arrow contract. The point I wish to raise is this. I had assumed that the termination of contracts was something that was still treated under a separate item as was the case during the last war and subsequent thereto and that the item to which I have referred provided the Department of National Defence with the authorization and the money to procure equipment and supplies and to take care of military pay and civil staff salaries. I had thought that these other items for termination of contracts were items that came properly under the Department of Defence Production as they did in earlier years and under predecessor departments.

Since I understand that the termination of this contract is being carried out under the minister's jurisdiction, I want to pursue this point. How does the minister derive authority from the wording of item No. 222 which I have just quoted, for the expenditure of this very large sum of money on the termination of a contract with respect to which equipment is not being procured this year but whose purpose is to carry out the liquidation and termination of a contract which was concluded in the last fiscal year? For the life of me I cannot find anything in the language used in that estimate that would warrant the expenditure of moneys for the purpose of terminating a contract. It seems to me that there is no authority whatever to spend this $45 million under that item. I have no doubt that the treasury officials have looked at this point and that there is some answer. Whatever the answer is I should like to have it, and if there is no answer I should like to have the matter corrected because it seems to me that in this way the house is not being given information to which it is entitled.

So that the minister will have some references to the practice on this subject, if he will look at the estimates for the year ending March 31, 1953, item 81, page 11, he will find there an item in the estimates of the Department of Defence Production to provide for the liquidation of contracts and so on. He will find the same thing in the estimates of a year earlier, and so on back through the years. The last year for which there was any estimate comparable to this $45 million for the termination of a contract is in the year ending March 31, 1948. He will find an item No. 569 in the estimates of that year for his predecessor department, reconstruction and supply.

I could go back through the years, but in that year the item was $2.5 million and the previous year the item had been $36 million. Now, this year the expenditure for such an item is $45 million for this one contract alone, yet we have no special item for it at all. Unless there is some adequate explanation, I think the matter should be rectified. I wonder if the minister could give an explanation?

Mr. O'Hurley: In reply to the hon. member for Ottawa West I would say I am advised by my officials that the Department of Defence Production, since its inception in 1951, has never had a separate vote for the termination of contracts. These costs are created by the Department of National Defence and cannot be separated from production costs. We are really acting for the Department of National Defence. The items referred to by the hon. member for Ottawa West related to the termination of disputed world war II contracts, and that is why they were the subject of a separate vote. Since the inception of the Department of Defence Production in 1951 there has never been a separate vote for cancellation charges under a current contract. Does that satisfy the hon. member?

Mr. McIlraith: It is not quite as full an explanation as I would wish, but I thank the minister for it. There have never been termination problems in connection with contracts of this size or scope since world war II; that is quite elementary.

The point here is that that item and the amount to be paid for the termination of those contracts, some of which were disputed, was always provided through the Department of Defence Production and its predecessor department and passed upon by this committee. The point I wish to raise now has two facets. The first question I have sought to raise is as to the explanation of what appears to be a misapplication of funds voted for procurement of specific equipment, and not being used for that at all but being used for the settlement of claims arising out of the termination of a contract. This is the No. 1 point with which the minister has dealt.

The other point I want to raise is as to the policy of the government in not providing a separate item to come before the committee because it seems to me to be quite misleading to have an item in one year which provides several hundreds of millions of dollars for procurement of a particular type of aircraft and then find, in the next year, when you go to compare the figures, there is nothing in the printed record anywhere to indicate any lesser amount being spent. However, when we start asking questions about it we find the item is not to procure that kind of equipment at all but is to settle termination charges of a contract.

I think the minister will follow my point there. There is no way by which one doing research on the estimates produced to the house can find that the figure is not as it appears at all, and this must be found out by questions. It seems to me this is a practice which should be looked at for future action because while it may be true that, in a large procurement item, there may be small incidental items in connection with termination of contracts they are only a tiny percentage of the total. However, here we have $45 million out of $146 million being spent on termination charges, yet all of it being shown as if the whole $146 million were being spent for procurement This is likely to be misleading to hon. members, and I am sure that is not what the minister wants to do at all. I would ask him to look at this again to see that if the question ever arises in the future, and I hope it will not, the item will be shown in different form and one that will be clear to all hon. members.

Mr. O'Hurley: I wish to thank the hon. member for Ottawa West for asking these questions, and I can assure him we will study his remarks very attentively. My officials tell me there was a major cancellation in 1954, which was taken out of the national defence budget and there was no vote in defence production. I feel this is a very good point, and I shall be glad to look at it and give the information to the hon. member.

Mr. McIlraith: What is the authority for spending the money in that way? I cannot, for the life of me, follow that.

Mr. O'Hurley: I should like to tell the hon. member that we do not spend the money; we are the agents for national defence.

Mr. McIlraith: What is the authority for it? You have to handle the mechanics of spending it, and you do not spend money without proper legal authority—at least, the department did not use to do so. It seems to me there is no authority granted for spending the money for that purpose.

Mr. O'Hurley: I think, by the charter of defence production, when we get orders from national defence for a certain work, it is a question for national defence and the Department of Finance. We execute the orders when we receive them, and it is those two departments that are interested in this problem. I think there is a good point there, and it should be looked into, as the hon. member suggests.

Mr. McIlraith: There is just one other thing. I take it the item would not permit such expenditures as keeping a small number of these men at work, as was suggested at the time of the Arrow cancellation. These funds were for procurement or legal termination of the contract, but the language would not be wide enough for that, would it?

Mr. O'Hurley: I am afraid I have not the answer to that question with me this afternoon. I admit we are handling the termination charges under this vote. However, so far as changing from procurement to cancellation is concerned, I am afraid I have not got the information available just now.

Mr. Pearson: Mr. Chairman, it has been suggested that the money which was available for termination of the contract could have been used by the company to keep the employees at work for a time until they got other work. The question my hon. friend is asking is whether this money could have been used under the vote for that purpose.

Mr. O'Hurley: As far as defence production is concerned, I think the Leader of the Opposition will agree with me that it was the government's decision to terminate. We are executing the orders we receive from national defence, and that is as far as our department concerns itself. As long as the work is paid for by national defence, through us if you will, it is not for defence production to find out under what vote this money is provided.

Mr. McIlraith: There is a second point there, Mr. Chairman. Once the contract is cancelled, I take it the defence production department would not pay for keeping the men at work after termination? There would be no authority for that. Surely the accounts of the company are audited and checked?

Mr. O'Hurley: In the cancellation charges it must be admitted that we have paid a substantial amount to the men for their vacation pay, their severance pay and so on. We have paid all these amounts out of that and have completely complied with the full labour contracts and paid out everything that the labour contracts demanded. It comes back to the same question, that it was an

order from national defence and we are executing the order we received from national defence.

Mr. McIlraith: But my point is that in executing the order received from national defence you paid only those charges you were obligated to pay under the contract. You paid the labour charges, for example, that you were obligated to pay under that contract, and you did not or could not go beyond that and give money to the company merely to pay men in addition to what was provided under the labour and other contracts?

Mr. O'Hurley: Certainly not, Mr. Chairman. We consented absolutely to paying all charges that were demanded by the labour contract for all the employees. That we accepted; but we could not keep on paying afterwards the men sitting around the plant not doing anything, and we were not justified in making any other payments.

Mr. Pearson: So it is now clear, Mr. Chairman, that this money could not have been used by the company to keep people at work after the contract had been terminated.

Mr. Hellyer: Mr. Chairman, first of all I would like to congratulate the minister for the progress he has made in negotiations with the United States, particularly with respect to the buy American act and the long list of items which he and his officials have negotiated and made exempt from the buy American act, and also the progress they have made with respect to tariff waivers. I think the minister has an excellent staff who have done an outstanding job of negotiating these concessions with the United States. As a matter of fact, I think the minister has staff which he could not excel if he had taken a long time in putting them together. The minister told us quite frankly, Mr. Chairman, that he has problems. We feel that these problems are not particularly of his making, but that most of them are grief caused by other departments of government and the Minister of Defence Production and his staff have to make the best of such bad jobs as are passed to them.

For example, the minister told us this morning that the progress made in the first six months of this year had demonstrated approximately $32 million in prime contracts for military equipment for branches of the United States armed forces. This sounds like a significant achievement and undoubtedly it represents a great deal of hard work and laborious effort on the part of the minister and his staff. Yet it seems he has been fighting a rearguard action, because I have here a press clipping from the Toronto *Star* of July 6, 1959, entitled "Aircraft Parts Exports Show Sharp Decline" and it is based on a Canadian Press dispatch from Ottawa which says:

> Canada's domestic exports in May fell $51,500,000 from the same month last year due mainly to a sharp reduction in sales of aircraft and parts, the bureau of statistics said.

In other words, the reduction in export of aircraft and parts in the first six months of this year was more substantial than the total number of small prime contracts obtained for Canadian producers to produce military equipment for various branches of the United States government. This indicates the magnitude of the problem which we face. The minister, as I have said, is fighting a rearguard action, and this has been the case ever since the cancellation of the Avro Arrow, when we lost our great leverage with the United States. We have to be realistic in our dealings with them.

Certainly they want to co-operate with us, and certainly the high level official talks taking place between the minister and his staff and their opposite numbers in Washington are productive. There is the greatest amount of co-operation and a real desire on the part of our United States friends to try to work out satisfactory solutions. But they have to operate within the context of the political situation existing in the United States of America, and they have problems in putting into effect their good intentions. We are just babes in the wood if we do not realize that if business is bad in the United States of America the pressure of the aircraft and other defence industries down there on their government is going to be very great indeed. If business is good in the United States and they have full employment, then probably it would not be too difficult to get a few prime contracts for Canadian producers. But in times when business is not good in the United States and there is a great deal of unemployment in various parts of the country, it is unrealistic for us to think that we are going to go down there and negotiate large prime contracts for Canadian producers unless we use the leverage we have in negotiation with them.

We have a number of things we can use as leverage. We have a number of geographical requirements which they have to ask for from time to time, and there are a number of concessions which the United States asks us for, and we do have some bargaining power. It is very difficult within the context of the political situation within the United States of America, without using such leverage as we have available to us, to negotiate any sizable prime contracts, and particularly defence production contracts.

Mr. Chairman, with those introductory remarks I would like to ask the minister a few questions. I would like to commence with reference to the Avro Arrow CF-105 and continue a question asked by the hon. member for Ottawa West and the Leader of the Opposition. I would like to ask the minister if any study was made of the cost of continuing to completion the 37 aircraft which were under construction at the time the cancellation order was issued?

Mr. O'Hurley: At the request of the hon. member for Trinity I am asking for the file of the study made of the CF-105 to be brought down. If he will continue I will get that information.

Mr. Hellyer: I have a further question, Mr. Chairman. Of the completed five aircraft, Nos. 1 to 5, were they turned over to Crown Assets Disposal Corporation for disposal?

Mr. O'Hurley: Yes, Mr. Chairman.

Mr. Hellyer: And are they still in the custody of the Crown Assets Disposal Corporation?

Mr. O'Hurley: They are being dismantled at the present time and arrangements are being made with the United States government for the return of the engines and the fireheads and the classified materials which are in these planes. They will be dismantled.

Mr. Hellyer: Upon what terms and conditions were the planes offered for sale by the Crown Assets Disposal Corporation?

Mr. O'Hurley: The fact is that the ministry of national defence gave orders to my department, and my department to crown assets that all equipment should be taken out of these aircraft and that they should be reduced to scrap. Those were the orders received from national defence.

Mr. Hellyer: Did the Minister of National Defence turn them over to the Crown Assets Disposal Corporation as surplus equipment? Did he declare them surplus?

Mr. O'Hurley: They were declared surplus, yes, and the instruction was given that all equipment should be taken out of the aircraft and they should be reduced to scrap.

Mr. Hellyer: What was the statutory authority by which the Minister of National Defence determined the method of disposal by the crown assets corporation?

Mr. O'Hurley: This was an aircraft constructed not only by Canadian engineers and the Canadian air force but also by the United States. It was classified. It could not have been sold on an open market. I do not see any other solution available to the Minister of National Defence but to turn it to scrap. That is the way the situation was.

Mr. Hellyer: That does not answer my question. I assume there could not have been very much classified material about the plane, because we were told in this house it was obsolescent and that it would not have been useful by the time it was put into squadron service. If the minister of defence had declared it surplus it could perhaps have been sold by the crown assets corporation in the normal way, and I am wondering what statutory authority the Minister of National Defence has for deciding it should be disposed of in some other manner.

Mr. O'Hurley: After the contract had been cancelled, any classified material was taken out, and I think the only solution was to have these aircraft reduced to scrap. I wish to say to the hon. member for Trinity that to my knowledge—and I can be corrected by the Minister of National Defence if I am not right—the department tried on different occasions to make a research bid of this plane in the United Kingdom, without success. Terms were not discussed, and they were not interested in the least. So I am still of the opinion that there was no alternative but to take out all the equipment from these planes and then have them disposed of in the only way possible.

Mr. Hellyer: What parts of the plane were classified?

Mr. O'Hurley: One would practically have to go over the whole plane—hydraulics, fire control, engine, electronic equipment. With the experience which the hon. member has with regard to planes he will certainly know that there are hundreds of parts in that plane which were classified. I am certainly not versed enough to give him a complete list of the classified materials in the CF-105 this afternoon.

Mr. Hellyer: It must have been a good aircraft if there were hundreds of classified parts in it.

There was a request that plane No. 6 and subsequent aircraft be photographed in the factory during the process of destruction, and the minister, in answer to a question in the House of Commons, said the reason photographs were not allowed was because classified fire control apparatus had been installed in the planes. Is that correct?

Mr. O'Hurley: That is correct.

Mr. Hellyer: Can the minister tell us on how many of these planes fire control apparatus had been installed?

Mr. O'Hurley: There is perhaps a difference of opinion there. The fire control system for

several of the planes was in manufacture; I cannot say definitely if it was installed in some of the planes, but it was definitely there in the plant with other classified material when the cancellation started. It was not only on my part that I took the decision, but I had the concurrence of the Avro people not to have photographs taken at that time in the plant.

Mr. Hellyer: The reply the minister gave to the house earlier was that it was because of the Hughes fire control system that photographers were not allowed to be present at the time of the destruction. However, it is my understanding that there was no fire control installed on aircraft No. 6 and subsequent aircraft. Can the minister advise the committee whether or not that information is correct?

Mr. O'Hurley: I am told that the fire control system was not installed in these planes.

Mr. Hellyer: Was, or was not?

Mr. O'Hurley: Was not.

Mr. Hellyer: A final question on the subject. Does the minister not think that this very important chapter in Canadian history should have been recorded and filmed for posterity?

Mr. O'Hurley: I do not think it was a very important chapter in the pages of Canadian history—in the pages of aviation history—to see the work of years being scrapped. I do not think it would have been of advantage to Canada.

Mr. Hellyer: I cannot let that comment ride without replying that I think it was an important chapter in Canadian history. I think it represented the greatest single achievement in Canadian aviation history, and the greatest combined effort of design and development ever undertaken in this country. Not only that, I regret, and I want to put this on record again, that this government did not have the courage to finish No. 6 and let it take the world's speed record away from the Lockheed 104. I think this is a matter which will cause regret to Canadians for decades to come—that when we had reached a stage where, in a few weeks of additional development and testing, this plane could have captured the world's speed record for this country, the decision should have been made not only to stop work on the plane but to cut up the corpse and put it underground as soon as possible.

Mr. Pickersgill: I wonder if I can ask a question about the cancellation of this contract? Hon. members will, no doubt, recall that the Prime Minister had some very severe things to say about the Avro company because they discharged their staff as soon as they received an order from the minister's department to do so.

Mr. Richard Jackson in the Sudbury *Star* of June 20 had this to say:

> What evidence have the members of parliament of there being something less than the loyalty of political impartiality normally expected of a civil service?
>
> That shocking telegram that ordered the immediate firing "at once" of the 14,000 Avro workers was sent by some bureaucratic brass hat in defence production.

Would the minister say whether this telegram was sent without his concurrence or with his concurrence.

Mr. O'Hurley: We sent the telegram to cancel all work on the Arrow and the Iroquois engine. This telegram was sent with my concurrence. I will admit frankly I was under the impression that the idea of sending the telegram at that time was to prevent further buying of expensive material for the plane or for the engine, but that the men would continue for their ordinary period of time on notice, which was two weeks or three weeks. I was most surprised myself to hear the same evening the men were let out that afternoon. The telegram was sent with my concurrence.

Mr. Pickersgill: Could the minister read the telegram for the committee now?

Mr. O'Hurley: Mr. Chairman, I have not got it with me; the telegram has been tabled and is on *Hansard*.

Mr. Pickersgill: I think it might be convenient to have it in *Hansard* at this point.

Some hon. Members: Oh, oh.

Mr. Pickersgill: This is a very serious charge made by a responsible journalist against the honesty and integrity of senior civil servants of this country.

An hon. Member: Read it yourself.

Mr. Pickersgill: If the hon. gentleman is finished mumbling perhaps I could be allowed to continue. The minister has said this telegram was sent with his concurrence. I accept his word at once. I am sure it was. However, in order to remove all doubt about this serious and shocking reflection I believe the whole story should appear all together in one place.

It will be recalled, of course, that my friend the hon. member for Laurier had the telegram put on the record after the Prime Minister said he expected the company to go on employing these people on work that was not going to be accepted and for which the company could not be paid—a very odd attitude it seemed to me for the Prime Minister

to take—but there is no doubt whatever that the telegram did say specifically that the work was to cease immediately. I believe that the record should be straight.

Mr. O'Hurley: Does the hon. member want to put on the record again a copy of the telegram? I do not have a copy in my files today.

Mr. Pickersgill: Would the minister get it and put it in the record a little later on?

The Chairman: Is it correct that the hon. member for Bonavista-Twillingate would like the minister to read into the record a document that has already been tabled?

Mr. Pickersgill: I am sorry, Mr. Chairman, but I did not hear you.

The Chairman: Do I understand that the hon. member for Bonavista-Twillingate is demanding that the minister put into the record something that has already been put into it?

Mr. Pickersgill: I would not like to use the word "demand". I am not making a demand. I was asking the minister if he would be good enough to do it so that the record of this transaction would be complete in one place. The reason I am asking that is because, although it is on the record, it does not seem to be easy to find. My friend the hon. member for Ottawa West appears to have it and perhaps he could read it.

Mr. Bigg: Just say "yes".

The Chairman: For the sake of good order, it is generally admitted by all that this telegram has actually been tabled and is in the records of the house. It would be a repetitious occurrence if we continued the debate concerning the tabling of a document that has already been tabled. I appreciate the hon. member's explanation that he is not demanding that it be tabled because it would be out of order for him to demand that the minister table a document. It is the opinion of the Chair that since this telegram is already on the record and should be quite easily located it is really repetitious to request that we continue the debate regarding the matter.

Mr. McIlraith: I still think we are entitled to debate this item under the administration of the Department of Defence Production and ask all the questions we wish about the termination of the contract and other related matters.

Mr. Charlton: It is out of order.

Mr. McIlraith: I know that my friend the hon. member for Brant-Haldimand—

The Chairman: Order. I must point out to the hon. member for Ottawa West that the Chair has not indicated that hon. members of the opposition would be prevented from asking questions they wish to ask. I am simply referring to the unnecessary tabling of a document which has already been tabled. This has nothing to do with questions that might be put by hon. members of the opposition.

Mr. McIlraith: I wish to say something about the telegrams. The reason they were not presented to the house when the Prime Minister spoke as recorded at page 1306 of *Hansard* is quite obvious. He made certain statements there about the ceasing of the work and the fact that the A. V. Roe company should not have let their employees go immediately. After considerable hounding and questioning of the government the opposition was able to have the telegrams presented to the house. They are printed in an appendix to *Hansard* of February 27, 1959, at page 1487.

Mr. Bell (Saint John-Albert): By agreement.

Mr. McIlraith: When they were tabled and printed in *Hansard* it became immediately obvious that the Prime Minister's whole point on this aspect of the subject had been completely wrong. If hon. members will check the page references I have given they will see that the telegram to the A. V. Roe company, marked attention Mr. J. L. Plant, Malton, TCO via CN telegraph from Mr. D. L. Thompson, of the Department of Defence Production, Ottawa, contains in it a direct instruction in this language, "You shall cease all work immediately." Then the corresponding telegram sent about 12.30 p.m. on the same Friday was directed to Orenda Engine, attention Mr. E. K. Brownridge, from Mr. D. L. Thompson of the Department of Defence Production. It used precisely the same language, "You shall cease all work immediately." The minister has today admitted that he approved of those telegrams.

Mr. O'Hurley: I never denied it.

Mr. Pickersgill: The minister is quite right.

Mr. McIlraith: Precisely.

Mr. Nesbitt: More innuendo.

Mr. Montgomery: You are leaving the impression that he did deny it which is wrong.

Mr. McIlraith: I never suggested that the minister denied it. Indeed, I never discussed his relationship up to this moment. I was just coming to it. I was saying and I will repeat again that the minister now admits these telegrams were sent with his concurrence and knowledge. His position is quite clear on that. It become abundantly clear from the contents of the telegrams and from what

the minister said earlier in answer to the discussion we had a few moments ago about the items he could allow by way of salary to the employees of the A. V. Roe company,—allowance for severance pay, holiday pay, and so on—that he allowed those under agreements that were outstanding with the men. That was quite proper and I have no criticism of that. It becomes clear that the statement made to the house by the Prime Minister on February 23, four days before the telegrams were presented to us but three days after the contracts were terminated, that the Prime Minister's remarks as they appear at the bottom of the first column of page 1306 are not in accordance with what was done or in accordance with what could be done under the contracts. That is where the situation stands now. It is a good thing that this matter has at long last been cleared up so that everyone interested in this subject can know exactly where the responsibility for the immediate dismissal of these men lay, why it was done and what allowance has been made in respect of it.

Mr. Pearson: Yes; it seems to me it is now perfectly clear that the Prime Minister did not know what he was talking about when he said this termination of contract money could have been used to keep people at work in the A. V. Roe Company after that telegram had been sent. It seems to me that the journalist in question did not know what he was writing about when he made the reflection on the integrity of senior officials of the department for sending the telegram which we know was sent with the knowledge and under the authority of the minister.

Mr. Denis: Do I understand from the minister that the taking of a picture of the CF-105 before it was destroyed was not allowed? If this is so, how is it that the Postmaster General got a picture of it and was so proud of it that he put it on a stamp? I would like to get an explanation because he said that this event was not so important after all. There seems to be a difference of opinion or a misunderstanding between the Postmaster General and the Minister of Defence Production.

Mr. O'Hurley: In reply to the hon. member for St. Denis, I wish to tell him that the CF-105 has been filmed and photographed. They are all over the country and he can get many copies of pictures of the CF-105.

Mr. Denis: Will the stamp be declared surplus?

Mr. O'Hurley: If the hon. member has any money left over he can buy the stamps and put the surplus stamps in his pocket.

[Mr. McIlraith.]

Mr. Hellyer: Can the minister tell us whether the five completed Arrows were ever offered to the royal aeronautical establishment in Great Britain for testing purposes?

Mr. O'Hurley: Mr. Chairman, the CF-105's were offered to the aeronautical research establishment in the United Kingdom and they were turned down.

Mr. Hellyer: What were the terms and conditions of the offer?

Mr. O'Hurley: They were offered; there were no terms or conditions. They were offered and they were turned down. No terms were discussed.

Mr. Hellyer: Were they offered free?

Mr. O'Hurley: I cannot say they were offered free. No terms were discussed. They were not interested; they did not want them.

Mr. Hellyer: Mr. Chairman, there seems to be an awful lot of confusion and buck-passing between the Department of National Defence and the Department of Defence Production on this whole matter of the disposal of these things. I have asked the Minister of National Defence in the house who was responsible for the disposal of the aircraft, and he said it was a matter for defence production. Today the Minister of Defence Production says it was done under orders from the Minister of National Defence; similarly, with the Iroquois engine. I submit that these two ministers should get together in the future and agree on responsibility.

Mr. Brassard (Lapointe): I have gone over the statements and the questions put by the hon. member for Eglinton when he was sitting on this side of the house. I have gone over the debates for 1953, 1954 and 1955. Since he is not in his seat today, I am sure the Minister of Defence Production will be very glad to answer a question in which his colleague is most interested. What is the breakdown of our purchases in the United States with regard to defence procurement compared with those in the United Kingdom?

Mr. O'Hurley: Mr. Chairman, as the hon. member for Bonavista-Twillingate remarked the other day, this is the black book. Mutual defence procurement between Canada and the United States is carried on under the joint statement of principles for economic co-operation which was signed by the two countries in 1950. When the present defence program was initiated, it was necessary to place fairly substantial contracts in the United States for equipment urgently required and not at the time produced in Canada. With respect to the Canadian defence contracts placed in the United States, the figure for 1958-59 is $23.1 million to our credit. The

net value of Canadian defence contracts placed in the United Kingdom was $10,590,000. We have a credit with the United States because we cancelled more than we placed. We got a credit of $23.1 million, and we placed orders to the amount of $10,590,000 with the United Kingdom.

Mr. Hellyer: Can the minister tell us whether in the $32 million prime contracts which he mentioned in his statement this morning were included the turbines being installed at Grand Bend?

Mr. O'Hurley: No, Mr. Chairman.

Mr. Brassard (Lapointe): I have another question for the minister. I am sure this will be a pleasant recollection for him and I am sure it will be of great interest to my hon. friend from Montmagny-L'Islet. Sometime during last fall the minister paid a visit to an establishment called La Fonderie de l'Islet in the county of Montmagny-L'Islet, and we read in the paper a few days later that he paid a visit to these people in the hope that he could offer them some work from his department. Since his talk with the officials of the company, I wonder whether anything has materialized in concrete form?

Mr. O'Hurley: Mr. Chairman, I think the hon. member for Lapointe has got things twisted up a little bit. They really invited me to see the facilities of their plant.

Mr. Pearson: Is any production going on at the present time in this country of F-86's or CF-100's?

Mr. O'Hurley: Just the production of spares, Mr. Chairman.

Mr. Pearson: In view of the fact that the CF-100 will be in use for some years, presumably, and the F-86 will not be replaced by the F-104 completely until 1963, according to the minister's own figures this morning, how are those squadrons to be maintained at strength if only spares are being produced?

Mr. O'Hurley: The spares are to maintain the aircraft. The Leader of the Opposition will admit with me that, as far as defence production is concerned, all I can do is act when I get an order from the Minister of National Defence. I am just the agent to purchase; I have no more authority than that.

Mr. Pearson: Perhaps this is irregular, but I wonder whether I could ask the Minister of National Defence what happens when a CF-100 or the F-86 crashes and he asks the Minister of Defence Production for a replacement for that plane and the minister says, "we are not making any more"?

Mr. Pearkes: We have a reserve of CF-100's which are capable of replacing any of those which happen to crash.

Mr. Pearson: Then, it is considered that there is a sufficient reserve of F-86's and CF-100's to maintain those squadrons at full strength until some years from now when they will be replaced by other planes?

Mr. Pearkes: That is correct, utilizing spares to replace any spare parts which may be destroyed, where practicable.

Mr. Brassard (Lapointe): I have another question for the minister. I must apologize if I implied in my question that he visited the plant in Montmagny-L'Islet on his own initiative, and I quite accept his correction. I wonder whether after his visit he has been able to give some word to La Fonderie de L'Islet either by way of tender or by negotiation?

Mr. O'Hurley: Mr. Chairman, I recollect that they tendered on some contract but as far as I can remember they have received no contracts from the government. I know they tendered several times on different contracts.

Mr. Denis: Is the minister aware that they had a contract from the government and that that contract has been cancelled? Not only did they get no contract but the one they had was cancelled.

Mr. O'Hurley: How many years ago?

Mr. Denis: I mean lately.

Mr. O'Hurley: Well, it is pretty hard to cancel a contract if you do not have any.

Mr. Denis: They had a contract to make some postal boxes for the Post Office Department and now they are out of work.

Mr. O'Hurley: If the hon. member for St. Denis wants to get information about postal boxes he will have to ask the Postmaster General.

Mr. Brassard (Lapointe): I wonder whether it would be imposing too much on the minister to ask him to give us a breakdown of defence procurement for the provinces of Ontario and Quebec.

Mr. O'Hurley: The net value of head office contracts placed with firms in Quebec in 1958-59 was $218,408,000, and in Ontario $264,040,000.

Mr. Forgie: Mr. Chairman, may I ask the minister whether the construction work for the air force at Foymount in the county of Renfrew is under his jurisdiction?

Mr. O'Hurley: It is under a crown company, defence construction.

Mr. Forgie: May I ask the minister these questions? I do not expect that he can answer them at the moment but I hope he

will. Were tenders called for all federal government contracts in connection with the expansion of the Foymount air station? If so, can the minister give us the names and head office addresses of the firms to whom these contracts were awarded, together with the names and addresses of unsuccessful bidders for these contracts? Lastly, were the contracts awarded to the lowest tenderer in each case? I should like to have that information very much.

Mr. O'Hurley: The contracts were all awarded on the basis of tenders and generally were awarded to the lowest tenderers, but it is practically impossible for me to give the names of the tenderers and the amounts this afternoon. If the hon. member would like to have the information I would be pleased to procure it for him. I am sorry I have not got it with me this afternoon.

Mr. Forgie: I did not expect the minister would have the information this afternoon but I thought I would ask him these questions so that possibly we could have the information tomorrow.

Mr. O'Hurley: I will be pleased to get that information for the hon. member.

Mr. McGee: Mr. Chairman, at this stage of his estimates I wonder whether the minister would care to comment briefly on the report and recommendations of the estimates committee of last year under the general headings of destroyer escort program, performance bonds, general comments and recommendations and, in particular, general conclusion of the report, No. 5.

Mr. O'Hurley: No. 1 is the destroyer escort program. The observations and recommendations of the standing committee on estimates with respect to the destroyer escort program were dealt with in considerable detail when the estimates of my department were last presented—*Hansard,* August 9, 1958, pages 3238 to 3240. At this time, however, I should like to say that in the very near future tenders will be invited covering the construction of a naval fleet supply tanker. We are going to call for tenders for the naval fleet supply tanker.

No. 2 is performance bonds. Last year I reported that considerable thought had been given to the questions of accepting performance bonds and/or pay-and-performance bonds. Since that time the cabinet has agreed that for a trial period commencing January 1, 1959 contractors should be given the option of submitting either surety bonds or security deposits to ensure due performance of work on government contracts. Treasury board has approved three types of surety bonds which are to be regarded as the standard, acceptable bonds for government contracts, namely a bid bond, a performance bond, and a labour and material payment bond.

With regard to the question of improving liaison between my department and the Department of National Defence, I should like to point out that while there has been very close liaison in the past between the two departments there is now an even closer liaison. The procedures which have been established to carry out our production sharing program with the United States involve a senior policy committee comprised of senior officials of not only the departments of defence production and national defence but also external affairs, finance and the United States department of defence, a steering group to handle the co-ordination of all activities and a number of working groups consisting of technical personnel to work out the detailed arrangements on specific projects of mutual interest. The officials of the departments of defence production and national defence are intimately associated in all these activities.

I am also very pleased that the Minister of National Defence has appointed the deputy minister of defence production as a member of the defence research board. The other specific recommendations, and my comments on them, are as follows:

> That the department encourage, assist and co-ordinate the growth of technical skills and knowledge in the Canadian industry as a program of industrial preparedness.

As members may be aware, the Defence Production Act requires the minister to organize, mobilize and conserve Canadian industrial resources to meet the current and prospective needs of defence. I would assure the house that I am anxious to discharge fully this statutory obligation, with which this recommendation of the committee is in keeping.

For the benefit of those who are unfamiliar with the department's operations, particularly those who were not members of the standing committee, I might explain briefly some of the ways in which we attempt to accomplish this task. First, in purchasing the supplies requisitioned by the armed services we recognize the services cannot always depend in an emergency on the production resources of other countries or the maintenance of normal ocean shipping. Consequently, since the organization of the department it has been concerned with the development and maintenance of defence production resources in Canada which can keep abreast of the changing needs of the armed forces and can also be expanded quickly on short notice.

This has meant, in many cases where military equipment of a specialized nature was involved, that Canadian industry has been asked to create important new facilities, both large and small, and to acquire the technical skills needed for the production of highly complex equipment. It has also meant that for the more commonplace type of supply we either limit our invitations to tender to Canadian suppliers or grant a reasonable preference to goods of Canadian manufacture over any competing goods of foreign manufacture.

Where the development or expansion of Canadian industrial capacity has been necessary we encourage industry to undertake this job of expansion through private investment as far as possible, since the equipment demands of the services affect almost every part of industry and the total cost of providing all the equipment needed for defence production would be prohibitive. However, we are continuing in appropriate cases to encourage defence industries to organize and expand their capacities through the granting of accelerated depreciation allowances. Where industry is unwilling or financially unable to provide the necessary facilities, because of the likelihood that there would be little, if any, residual value on completion of a defence project, direct capital assistance is available.

It is my general policy, therefore, to develop and protect Canadian defence production capabilities to the greatest extent possible. I might point out that the need for development of new capacity is much less now than it was seven years ago. However, we are conscious that the continuous change in defence equipment requires that the existing industrial base be maintained in up to date condition and adapted from time to time to new requirements.

Then, there is the recommendation that the department distribute purchases as broadly as possible in Canada. I have dealt with this before. The next recommendation was that the department use the maximum Canadian equipment and parts where possible. I dealt with this point in my statement this morning.

Then, there is the recommendation that technical assistance presently offered to larger corporations should also be made available to smaller Canadian companies. I understand that this refers to the capital assistance program of the department, and I would assure members that we do not differentiate between large and small companies in considering requests for assistance of this sort. I might explain that the purpose of such assistance is to provide machine tools and other production facilities needed for the production of defence equipment where there is no commercial application for the plant and equipment involved. It so happens that the greatest need for capital assistance is experienced in the aircraft program and as a result has affected the major aircraft manufacturers more than any other company. This, however, is not because they are large but because of the nature of the work in which they are engaged. All possible requirements are given equal consideration regardless of the size of the contractor.

Then, there is a recommendation that Canadian plants should be provided every opportunity to tender on defence contracts. I have dealt with that in my statement this morning. The next recommendation is that development contracts should be available for tooling and product development. I have not heard any questions on this point.

Mr. Pearson: May I ask the minister whether there is any defence production in Canada, apart from mutual aid, for NATO countries other than the United States?

Mr. O'Hurley: One example I would give the Leader of the Opposition is the manufacture of torpedoes for the United Kingdom. This is one example which comes to my mind.

Mr. Hellyer: Can the minister tell us if there are other examples, other commonwealth countries, for example?

Mr. O'Hurley: There are other firms in Canada which have contracts for other countries, but I am sorry to tell the hon. member for Trinity that I do not have these figures or names of the countries available here.

Mr. Hellyer: I understood the minister to say we were manufacturing torpedoes for the United Kingdom.

Mr. O'Hurley: Yes.

Mr. Hellyer: What contract does Britain now have under which they are manufacturing military equipment for us?

Mr. O'Hurley: There is some in the shipbuilding industry; tank-automotives; weapons; ammunition and explosives; electronics and communication equipment and some aircraft equipment.

Mr. Hellyer: Does the minister have any idea of the dollar volume on an annual basis?

Mr. O'Hurley: Here I have the net value of Canadian government defence contracts placed in the United Kingdom by defence production on behalf of the Department of National Defence. The contracts placed amounted to $6,093,000, of which $1,921,000 was for aircraft; $147,000 for ships; $1,091,000

for tank-automotive; ammunition and explosives, $237,000; electronics and communication equipment, $2,143,000; other equipment, $857,000. The value of expenditures on Canadian government defence contracts placed in the United Kingdom by the Department of Defence Production and Defence Construction Limited on behalf of the Department of National Defence amounted in 1958 to $13,157,000.

Mr. Hellyer: Would the minister say there had been any diversion of purchases from the United States to the United Kingdom?

Mr. O'Hurley: I understand the hon. member for Trinity is quite serious, but I think he is fishing. I am sure that defence contracts were executed on behalf of the Department of National Defence, and it is rather difficult for this department to say we really diverted some of the trade. I would not want to make a statement to that effect because we fill any orders requested by the Department of National Defence.

Mr. Hellyer: I am really surprised that the Department of National Defence and the Department of Defence Production have not made a little more effort in this regard, especially after checking back in *Hansard* and reading the words of the Minister of Finance as recorded on page 5523 of *Hansard* for June 29, 1956, where he says:

> —express again regret that the department did not find it possible to make in the United Kingdom more of the purchases that it was unable to make in Canada and in that way assist the United Kingdom with its dollar problem in order that it might in turn purchase more of our products in this country.

With reference to the F-104 Lockheed Starfighter, could the minister say he recommended the purchase of that aircraft to the cabinet defence committee?

Mr. O'Hurley: It certainly is not the role of the Minister of Defence Production to recommend any aircraft to any department.

Mr. Hellyer: I am glad to hear that, Mr. Chairman, although from the words of the Minister of National Defence the other day we gathered the views of the Department of Defence Production had carried a considerable amount of weight, perhaps even an overwhelming proportion.

Mr. Pearkes: Mr. Chairman, the member is putting words in my mouth. I never said at any time that the opinions of defence production carried overwhelming influence.

Mr. Hellyer: The minister is quite right, he did not. He certainly led us to believe that they had been consulted and from that, and from the context in which he put it, we gathered that their views had been given overwhelming consideration.

Mr. Pearkes: Well, you were quite wrong.

Mr. Hellyer: I wonder if the Minister of Defence Production could tell us what the cost of tooling for the F-104 will be?

Mr. O'Hurley: I am sorry, Mr. Chairman, but I have not the figures on tooling available here.

Mr. Hellyer: Perhaps the minister could get those figures for us. In the meantime, would he tell us where the tooling will be done?

Mr. O'Hurley: Mr. Chairman, all I can say is that all the tooling which is needed will be done in Canada, except as I mentioned, I think, in my statement this morning when I spoke about the engine, that there might be some very intricate parts too expensive to make tooling for. As I said before, 85 per cent of the parts of the engine will be made in Canada and the airframe will be practically all made in Canada. But the tooling will certainly all be done in Canada.

Mr. Hellyer: The tooling will be done in Canada. I wonder if the minister could tell us whether the West German government plans to do its own tooling at the same time for production in its own country?

Mr. O'Hurley: Mr. Chairman, as for what the Germans are doing with their own manufacture I am at a loss to say. I am sure it is not expected that we should know what the German contract is with Lockheed. All we know is that there is a definite contract signed for the 66, and we will be making some parts here in Canada for these 66 F-104G's which have been bought from Lockheed by the German government.

Mr. McGee: I wonder if the minister will continue with his comments on the estimates committee report of last year with reference to the Crown Assets Disposal Corporation and the contents of the committee report concerning the organization and management of that corporation, and also the final recommendation which dealt with the advisability of employing an independent business consultant to examine one or more of the crown companies. The report says that on completion of this review the government should then decide whether a further examination of the remaining crown companies is desired. I wonder what progress has been made in that direction?

Mr. Hellyer: Mr. Chairman, I wonder if the hon. member for York-Scarborough would mind if we continued with the balance of the

questions with regard to the F-104 and then he can pursue this other point if he wishes.

Mr. McGee: Mr. Chairman, was that question directed at me? It is a question of who is interrupting whom. I had a question going here which was interrupted by somebody on that side before I had an opportunity to continue it.

Mr. Hellyer: The hon. member may as well go ahead now he is awake.

Mr. O'Hurley: In reply to the hon. member for York-Scarborough, consideration was given to the recommendation of the committee and we are preparing plans for a management consultant with regard to crown assets which is before the government at this time. The reason it was not done before was because of the excess amount of work in front of crown assets through the disposal of a lot of property during the late fall and winter months; but the plan, as I say, for a management consultant is before the government and the president of crown assets is perfectly in agreement with the suggestion which has been made.

Mr. Hellyer: I wonder if the minister would tell us if any arrangements have been made, or what attempt has been made to work out a production sharing arrangement with the West German government?

Mr. O'Hurley: There is no arrangement worked out with the West German government as yet, none whatsoever.

Mr. Hellyer: Is there any intention on the part of the minister to work out a production sharing arrangement with the Germans?

Mr. O'Hurley: Yes. I think it will be a difficult situation, and I do not know what prospects there are of any success; but if there is any chance I am sure we will see what can be done.

Mr. Pearson: Mr. Chairman, I gathered from the minister's statement this morning that arrangements have already been made to share the payment to the manufacturers in the United States of the design and engineering costs with the German government. As the minister said this morning, the design and engineering costs associated with the alteration to the F-104G model which Canada must pay will be up to 7 per cent, plus a licence fee and royalties. That means there will be an additional charge of $28 million. Could the minister say how much of that $28 million is Canada's share of the design and engineering costs of the remodelling, and how much is the licence fee and the royalties to be paid to this United States company for the privilege of manufacturing in Canada an airplane for Atlantic defence?

Mr. O'Hurley: The licence, Mr. Chairman, as the Leader of the Opposition knows, is the straight, ordinary fee of $3 million for all the aircraft. The royalty is $20,000 per aircraft; and the development of the F-104G is $14 million for the production and the alteration.

Mr. Pearson: Is the minister saying that it will cost Canada $14 million for her share in altering this plane to make the F-104G suitable for the use it is intended for?

Mr. O'Hurley: We each pay the same amount, both West Germany and Canada.

Mr. Hellyer: Is it true that the West German government is using the same mark of this aircraft, the G model, which is proposed to be used by the Canadian government?

Mr. O'Hurley: Yes, West Germany is using the F-104G.

Mr. Pearson: Could the minister say what share the United States manufacturer is paying of the cost of development and design? I gather we are paying a certain percentage of the cost of the redesigning and redeveloping; what share does the United States company pay?

Mr. O'Hurley: I do not want to be exact, Mr. Chairman, about this, but my understanding is that it is $28 million. Germany is paying $14 million and we are paying $14 million to make the F-104G. If other planes are sold there will be a reduction in those costs. This is what I understand is the fact.

Mr. Pearson: Is it the case that if the United States air force should use this redeveloped and redesigned plane, the F-104G, our share of the cost of the redevelopment and redesigning goes down?

Mr. O'Hurley: Yes.

Mr. Pearson: As far as the minister's first statement is concerned that the 7 per cent is to be shared by Germany, he said, and I am quoting from his statement, a copy of which he gave me this morning:

> The remaining 7 per cent—

That is, 7 per cent of the total cost of the contract for Canada, which is $400 million.

> —represents payments to the original manufacturers for Canada's share of the design and engineering costs—

Mr. O'Hurley: Yes. You have the licence, and then our share of the production. You have the royalties and licence of the engine, which comes to roughly 7 per cent of the contract.

Mr. Pearson: When the minister said that the Canadian share will be further reduced

if the aircraft is adopted by other countries, he included in "other countries" the United States?

Mr. O'Hurley: Yes.

Mr. Pearson: Because the redesigning and redevelopment is now purely for Canada and West Germany?

Mr. O'Hurley: That is right.

Mr. Hellyer: Is the engineering for the F-104G complete?

Mr. O'Hurley: The engineering is complete.

Mr. Hellyer: Is a model being made of the F-104G and, if so, does tooling exist for it or is it being made by hand as a prototype?

Mr. O'Hurley: The tooling is ready. Only parts of these planes are being developed. The whole plane is not being redeveloped. The tooling is there. Under the contract they have to have 66 planes for West Germany. Parts of the tooling are going to be sent to the manufacturer in Canada for the manufacture of certain parts of the aircraft.

Mr. Hellyer: The minister says only parts of it are being redeveloped, and that is true but the Minister of National Defence has told us that the airframe is being altered, the wings are being altered, and the fire control and electronic equipment are being altered. These are very serious and comprehensive changes. They may be compared to the process of making a light truck into a heavy truck. You start out by putting on heavier tires and wheels, and then you find you need a heavier axle. Then, if you drive across a ploughed field you find that your frame twists like a pretzel. Then you have to have a new frame, which leads to a new drive shaft and, perhaps, a new engine. Sometimes these minor modifications can become substantial operations.

If I may, I will refer to the Minister of National Defence and pose a question based on information given to us by him. We should like to know what makes these planes easier to modify by way of comparison than Canadian interceptors, because the Minister of National Defence told us the other day that the F-104G was selected as the most suitable after more than 20 types of British, United States and European aircraft, including our own interceptors had been evaluated by the R.C.A.F. As reported in *Hansard* at page 5352, he told the committee:

> Such aircraft were developed essentially as fighter or interceptor aircraft, and were designed to engage hostile bombers at great heights. The requirements for a strike reconnaissance aircraft do not demand long range and great height, but do call for the ability to fly fast at low altitudes. The two requirements are not compatible.

[Mr. Pearson.]

What the minister is telling us today is that he is taking the very type of plane which the Minister of National Defence told us could not be reworked into a low altitude strike reconnaissance aircraft, and proposing to modify it, and do that cheaply because there will not be many modifications involved

Mr. O'Hurley: Surely the hon. member realizes that in defence production work we talk about production, the awarding of these contracts and their execution, but I am unable to enter into details now regarding the technical side of the manufacture of these aircraft.

Mr. Hellyer: I thought the Minister of Defence Production might have had that information since the Minister of National Defence did not. Perhaps the minister would be able to tell us how long his officials have been working with Lockheed in working out the terms of this proposed contract.

Mr. O'Hurley: The officials of my department have had several meetings with the Lockheed company, as with other aircraft manufacturers. The date of the first meetings goes back, I think, to November. But the real negotiations are going on now in California. One of my officials has just returned, having been down there for over a week. But there have been several conversations and meetings with Lockheed company officials during the winter months, as with other companies.

Mr. Hellyer: I am glad to hear that negotiations go back that far. There seems to be some confusion on this point, because on March 5, 1959 when the Minister of National Defence was speaking about the Messerschmidt contract he said he had no detailed information on the subject—it was a matter between the government of West Germany and the government of the United States. That was in March. Last week, in the debate on the estimates of the Department of National Defence, he gave us a different impression, namely that the question had been under serious consideration at least as far back as January. There seems to be something inconsistent about those statements.

Mr. Pearkes: Nothing inconsistent.

Mr. Hellyer: Perhaps the Minister of Defence Production would tell us if he thinks it is efficient for both the governments of West Germany and of Canada to build up completely from scratch to manufacture limited numbers of these planes?

Mr. O'Hurley: I cannot give an answer to that question. It is a technical question.

Mr. Hellyer: The Prime Minister told us on March 3 of this year, and I quote from page 1553, that we would work with the United States in the same way as the United States and Canada work with all the other countries of NATO on the continent of Europe—

—to the end that in the spirit of unity and a common dedication of purpose we shall be able to assure to this and future generations the freedom which we inherited.

We have heard a great many speeches about production sharing and working together in the western world within the NATO alliance to find the most efficient and cheapest means of producing defence requirements, yet here is a perfect example of two NATO countries, both presumably embarking on the production of very limited quantities of the F-104G completely failing to carry out in practice the high-sounding declarations which were made in those speeches. I understand, of course, that these aircraft are not for the same purpose; that in the case of West Germany they are getting the plane as an interceptor and plan to use the Fiat as a strike reconnaissance plane, whereas we are presumably intending to use the F-104G as a strike reconnaissance plane. Notwithstanding this difference, this would seem to be an excellent opportunity for the governments of Canada and West Germany to get together to work out a system of cooperative defence sharing in order to reduce the cost to the taxpayers of both countries. I am surprised and disappointed to learn from the Minister of Defence Production that no effort has been made in this direction. Now perhaps the minister would explain to the committee what is meant by a competition for the production of this plane in Canada.

Mr. O'Hurley: We are asking for proposals —tenders if you will. As the hon. member for Trinity knows, we have here three major manufacturers. We want to see that this work is distributed in the centres where there are possibilities; I think it is important that no new industry should arise for the manufacture of new components, but that we should offer encouragement to the companies which have worked in this field in past years.

Mr. Hellyer: I am a little confused. The minister said "tenders, if you will" and yet he referred in the same sentence to "proposals". Are these proposals to be made in a form designated by the Department of Defence Production so that they may be evaluated properly, and so that there will be no question whatever as to the relative merits of these proposals?

Mr. O'Hurley: The three companies have already had a meeting with officials of my department, and the same instructions have been given to the three companies. The same instructions were given and will continue to be given by my department, and they will be the same for three of them.

Mr. Hellyer: Do the three companies have complete sets of engineering drawings of the aircraft and its component parts and do they know precisely what tooling they will have to do and to what extent assistance will be available from the Department of Defence Production and the Lockheed corporation?

Mr. O'Hurley: I should inform the hon. member for Trinity of the fact that officials of the three companies are today in Burbank, California, obtaining the information they require from the corporation.

Mr. Hellyer: I hope they have a nice trip and that the weather is good down there.

Some hon. Members: Oh, oh.

Mr. Hellyer: I know that hon. gentlemen opposite want to get home as soon as they can and so do we but we are not going to be bullied by a big government majority.

An hon. Member: We will go on shifts and keep you here until December.

Mr. Hellyer: Can the minister assure us that the competition will be so arranged that upon examination the committee would be satisfied that the submissions have been made on the basis of quality with no room for interpretation or interpolation in assessing the merits or evaluating the proposal?

Mr. O'Hurley: I hope that the hon. member for Trinity is not interested only in quality and that he is interested also in price. Price and quality are two important factors.

Mr. Hellyer: I thought that was implied in my question.

Mr. Brassard (Lapointe): Mr. Chairman, would the minister be kind enough to let us know what is the proportion of contracts which have been awarded without tenders being called? I appreciate that he would not have that information at his fingertips but I am agreeable to receiving it when he has it available either in writing or verbally at the conclusion of his estimates.

Mr. Peters: I was interested in the question asked by the hon. member for York-Scarborough. When the committee examined the estimates of the Department of Defence

Production last year I believe we were unsatisfied with the methods used for procurement and with many other phases of the department. I was pleased about the questions he asked and not at all satisfied with the answers.

The need for implementing the recommendations of the committee are highlighted by an article entitled "A Story of Waste on the Mid-Canada Line", which appeared in *Saturday Night*, issue of March 14, which article was written by Arnold Edinborough. He explains that the magazine made an investigation into the cost of the mid-Canada line. It cost the Canadian taxpayer something over one-quarter of a billion dollars. The author points out that this project consisted of building 102 separate sites across northern Canada and involved the handling of over 200,000 tons of material. A project of this magnitude would assume the drawing up of a contract document with a managing director. In this instance it was the Bell Telephone company. The contract was not drawn up until nearly the end of the construction phase. As a result of this there was no clearly defined authority for responsibility as between the Department of National Defence, which was the actual customer for the line, the Department of Defence Production, which was the procurement agency, Defence Construction Limited, responsible for the actual construction, and the management contractor who should have had over-all authority. The article sets out the following as being required for this project:

(1) The signal and radio equipment cost approximately $34,500,000.

(2) Transportation to get this equipment into the line cost $42 million.

(3) Cost of housing and servicing that equipment was $107 million.

The author points out that the simple conclusion from these figures is that the cost of construction and transportation as opposed to the cost of equipment was in a ratio of 4 to 1. This indicates that this was not necessarily the type of company that should have been the management director of this job. The article cites many instances of outright waste simply because the company was qualified in the fields of construction and transportation. The article continues:

From Winisk on March 17, 1956, an inspection report informed the engineer in charge that "the piles (for the harbour) received since the beginning of February form a good part of the last purchase by the prime contractor. They are eastern pine and of a very poor quality. There is evidence that they may be poles rejected by the Ontario Hydro company in that they bear the Ontario Hydro stamp and are dated 1953. Many have spiral checks, are badly distorted, and show signs of having been cut from a burnt timber stand. Breakage is between 30 and 40 per cent, tending toward the latter".

[Mr. Peters.]

There are many other instances which if the article is accurate reveal that the company was unqualified, or if qualified, botched the job which would not have happened if the recommendations of the committee had been implemented. I continue:

The most dramatic example of this waste of money both to feed and lodge skilled men (as well as to pay their wages for doing nothing) is contained in a memo to the R.C.A.F. from the cost inspection and audit division, querying the claim of a construction company, whose contract was for the antennae and transmission lines.

Says the CIAD: "We would like to draw your attention to the considerable number of charges for room and board supplied to the contractor's employees in Montreal in varying periods which are described as "waiting time pending transit to site". Some of these periods are two and three weeks in length and total to a considerable sum of money. These waiting periods occur not only at the time of hire but are charged as well for periods in between engagement at sites".

The CIAD might well question this particular account in which 22 men were listed as putting in waiting time to a total of $3,490.41. One man alone had hotel bills of $1,066.98—this apart from his normal pay. In this particular instance, in fact, waiting time accounted for 6 per cent of the total contractor's claim for that area.

The author mentions other projects that were mishandled and points out the need for managerial service to put the contracts on a sound basis. A section of the article entitled "How the Money was Wasted" reads as follows:

A gravel crusher was shipped into Hudson's bay from Toronto. It stayed on Bear island all summer and was freighted back from Halifax after the St. Lawrence freeze-up. It never turned a wheel in all this time.

Two landing craft were bought from the British navy so that stores could be unloaded from their bow doors on the beach at Winisk. When they arrived in Canada, these LCT's had their bow doors welded up. As a result a small harbour had to be constructed at cost of well over a quarter of a million dollars.

One technician had hotel bills for over $1,000 while waiting to go from Montreal into the construction area.

Thousands of small wooden slabs to be used as mounts for switches were individually wrapped and sealed before being freighted in.

The article goes on to point out what this waste amounted to, and what it could have bought. The article goes on:

The over-run on the mid-Canada line was in the neighbourhood of $30 million.

This could buy 2,500 medium-cost three-bedroom homes. Pay the total salaries for all members of parliament and the cabinet for over 10 years. Pay the total fees and maintenance costs of all four years for 5,000 young Canadians going through university. Buy six Arrow aircraft. Mean a charge of over $5 out of the taxes of every member of Canada's labour force.

I think this reporter in doing a survey of some of the waste that took place under procurement methods by this and previous governments has given an indication that

something is wrong with the system that is being used by defence production.

I think it is well understood that the members of the committee last year were not at all satisfied that the department had done the job that they should have done in removing some of these loopholes that the committee recommended be removed. I think the type of waste that is taking place under one contract of $30 million is so important that we would be well advised to hire outside managerial consultants. No matter how busy the department appears to be, the questions and recommendations which were raised by the hon. member for Burin-Burgeo warrant immediate consideration, and the waste of $30 million should be looked into and no excuse should be accepted.

Mr. Pickersgill: I want to ask the minister one or two questions about the answer he gave to a question of mine which appeared in *Hansard* of June 3 with regard to procurement in the Atlantic provinces. I understand the minister made some statement about that this afternoon when I was at the broadcasting committee, and if he has answered any particular question I raised I apologize to him because I am not trying to hold up the committee at all. The minister did give the impression at the end of that statement, although I do not think he exactly said it, that there had been a very substantial increase in last year—that is to say, since March 31, 1958—in the amount of procurement in the Atlantic provinces. The minister will perhaps recall that in the famous Atlantic resolutions of 1957, which were endorsed unanimously by all the Tory candidates in the Atlantic provinces and which were published under the name of the Conservative party, the first part of the second of those resolutions reads—this was one of the things they pledged themselves to:

> Decentralization by placing a more equitable share of defence contract expenditures within the Atlantic provinces.

What I want to find out from the minister is, first of all, what was the dollar increase in 1958-59 over 1957-58, in the total defence purchases in the Atlantic provinces? I will give the questions all at once. Second, what proportion of that increase was on construction; what proportion was on shipbuilding or ship repairing for both years, and what proportion of it was on the procurement of an industrial character; that is to say, things that were bought from industrial plants because that is what it was promised would be increased. Of course, I have the minister's answer. Although I do not question the factual accuracy of the answer, I think it was very misleading indeed because obviously, of course, expenditures on construction are not contributing to the decentralization, as was promised by the government. Neither, of course, are expenditures on shipbuilding and ship repairing unless indeed the government is deliberately diverting that work from some other part of the country to the Atlantic provinces. Of course, if that is done deliberately at a higher cost I wish the minister would answer that question also. Perhaps the minister would like to answer those questions; then, I may not have any others.

Mr. O'Hurley: I certainly cannot answer all of the questions that the hon. member for Bonavista-Twillingate asked me just now; I have not this breakdown. I have a prepared statement on the defence work in the Atlantic provinces. I shall be pleased to give him this report. I have not got at hand a breakdown of the question asked.

Mr. Pickersgill: Perhaps the minister should not bother giving that statement now. What I am interested in is answers to the specific questions.

Mr. O'Hurley: I have no objection.

Mr. Pickersgill: Perhaps it can be given at a later stage.

Mr. O'Hurley: I will get the answers for the hon. gentleman.

Mr. Pickersgill: The other thing I would like to ask the minister is that if at the same time he would indicate which of the contracts let in the year 1958-59 were for entirely new projects initiated by the present government and which were merely a continuation of projects that had been started by the previous administration. That is very important, because if any attempt is made to show that there has been any progress in bringing about this industrial decentralization, which we were promised would be the result of the change of government, we have to know whether it is something new or merely, as I suspect most of it is, a continuation of the projects that were started by the previous government.

Mr. O'Hurley: I will obtain this information for the hon. gentleman.

Mr. Peters: The matter which has been raised by the *Saturday Night* reporter, pointing out this vast waste of money, warrants some consideration by the department and some answer. Certainly this must have been investigated. These charges have been made publicly and there must have been some investigation. The committee is owed an explanation of how it occurred and what steps have been taken to prevent it from occurring

again. The sum of $30 million is a lot of money on such an order and I think we should be assured that this type of procedure has been corrected and that a different system of supplying managerial contractors has been obtained. I do not know whether the department's general auditor has been able to find out the difficulty or where the department's cost inspection and audit division comes in; but they did make a number of reports to the air force section and I presume they must be under defence production or the treasury department and their recommendations and their memos on this matter should receive some attention from the minister.

Mr. O'Hurley: Mr. Chairman, when this article appeared in *Saturday Night* I asked my officials to look into it. There was an inquiry. I have a statement on the history of the construction of this line, when it was constructed and so on. It is quite lengthy. I shall be pleased to give to the committee the results of the investigation made by my department. If need be I will be pleased to read to the committee the results of the investigation made by my department. The mid-Canada early warning line is basically a detection system, which is supported by a transcontinental communication network.

Mr. Pickersgill: I wonder whether I might make a suggestion to the minister. Would it not serve all our purposes, in view of the fact that we are going to be interrupted, if the minister had permission to put the statement on *Hansard* so that we would have it there to see tomorrow. It would save reading it.

The Deputy Chairman: Is the committee agreeable to having this report placed on *Hansard*?

Some hon. Members: Agreed.

(*Editor's note: The report above referred to follows.*)

The mid-Canada early warning line is basically a detection system, which is supported by a transcontinental communication network. The whole line is constructed over terrain which, from the accessibility and climatic point of view, is the most difficult in Canada. The problems of construction, transportation, communications and manning were of such magnitude as to require an unprecedented degree of effort and team work by the Department of National Defence, the Department of Defence Production, Defence Construction Limited, and Canadian industry.

It was decided to proceed with the project in two phases. Phase I was to include a technical study and report including an estimated cost for the complete project. Phase II known as the implementation phase, involved the complete engineering, procurement, transportation, construction and installation of the entire system.

It was realized that the construction of a communication system of this magnitude demanded that the basic planning and systems engineering be of the highest order and excellence. As it was to be built across all provinces of Canada, it was obvious that advantage should be taken of the local knowledge in the various provinces.

After a great deal of study and consultation with the armed forces, industry and experts in the communications field, it was established to the satisfaction of the Department of Defence Production that the employment of one company in the commercial communications field to manage the contract was the most efficient way to carry out a project of this magnitude and complexity. The techniques used to operate the system are almost entirely those of communications theory and practice. The major contribution to reliability rests with the ability of the communication system to carry the necessary warning data from each detection station to its appropriate sector station where after screening the combined information it is passed to air defence command.

The organization in Canada which most satisfactorily filled the requirement was the trans-Canada telephone system. This system comprises all the major provincial and commercial telephone operating companies and was set up primarily to allow a smooth and efficiently reliable transcontinental system to be achieved. It is because of this that the Department of Defence Production considered the trans-Canada telephone system the best organization to fulfill the requirement for co-ordinated systems engineering, planning, provincial know-how and the means to bring a large body of experienced and proven communication people together.

The exact relatonship between the contractor and the crown took some time to define because the original plan envisaged delegating almost complete control to the management contractor. This was dropped in favour of one where the Department of Defence Production performed its normal procurement functions, Defence Construction Limited was responsible for construction contracts and the RCAF acted as design authority. Under this plan the management contractor would co-ordinate all aspects of the engineering, construction and installation of the system.

Every contract placed by the Department of Defence Production or Defence Construction Limited, contained a clause stating that the requirement was a portion of an over-all project which was being co-ordinated by the

trans-Canada telephone system (represented by the Bell Telephone Co. of Canada as management contractor) and stating that the management contractor would act under the control and direction of the Minister of Defence Production as agent of Her Majesty in the supervision of the contract.

An executive committee to speak for the deputy ministers of the departments of government directly concerned with the building of the mid-Canada line and to act as a "clearing house" for complex problems was formed in November 1954. The management contractor was a member of this committee. The committee met monthly for 17 regular meetings in Ottawa and for many special meetings in Ottawa and at mid-Canada line sites. Most problems were settled at these meetings despite the varied opinions and convictions of individual committee members concerning technical and managerial matters.

Although the tentative program developed by the systems engineering group (RCAF) in June 1954 envisaged the completion of the line by the end of 1957, there was an urgent necessity for rapid and continuous improvement in the North American air defence system which accelerated the project so that the line could be in essentially full operation by January 1, 1957. Portions of the mid-Canada line were in operation as early as September 1956. The line came into operation sector by sector progressively, proceeding from west to east along the line. A report, dated January 8, 1957, indicated the detection equipment working from Winisk on the west side of James bay to Dawson creek with some sections of the balance of the line also in operation. Provisional acceptance tests and interim operational tests continued through the spring and late summer of 1957. Some deficiencies such as tower clean up, antennae alignment and modifications to the north-south Doppler detection equipment were carried over into the maintenance contracts.

Under the terms of his contract, the management contractor submitted "Forecasts of Expenditures" quarterly. The first was submitted in May of 1955 with an overall estimate of approximately 169 million. This figure included approximately 16.7 million for management function. This estimate remained unchanged in the management contractor's quarterly forecasts until August 1956 when the management contractor revised the estimate upwards by 10 million to 179 million. At the insistence of the R.C.A.F. and the executive committee, the management contractor immediately undertook a complete review of the mid-Canada line costs and submitted early in October an estimate of approximately $206 million. This estimate was discussed at the executive committee meeting of October 15, 1956 and additional breakdowns of cost estimates and reasons for change were requested. It was also agreed that an estimate should be made to provide for interim maintenance costs prior to the effective date of the maintenance contract. This further review was undertaken by the management contractor and completed by the end of October, part of which was made with the assistance of the systems engineering group personnel. This study established a figure of 203.4 million for the construction phase with 6.4 million for interim maintenance.

Cost estimates were under constant review from this point on, with the highest estimate of $230 million for construction and $9.8 million for interim maintenance appearing in March 1957 quarterly review. The present estimate of cost inclusive of interim maintenance is $228 million.

Only a few of the reasons for upward revision in the over-all costs are outlined here for your information. Construction costs increased as a result of additional buildings (185 in place of 120); the size of the buildings increased by 31 per cent in cubic content; two additional rearward scatter sites and three additional DDSs were added; special harbour work at Winisk had to be undertaken; additional airstrips had to be constructed; there was a fire loss at Knob Lake; and extra foundations as well as access roads had to be built. The increase in sites resulted in an increase in the number of main towers, as well as an increase in electronic equipment, diesels, domestic furnishings and transportation costs. The original estimates did not provide for the purchase of helicopters or the procurement of scows, barges, and other lightering equipment for use in Hudson Bay. The original estimate for transportation did not provide funds for rental of civilian helicopters as it was anticipated that RCAF could supply all helicopter support. The early target completion date necessitated airfreight of urgently required equipment including the Dorman diesels airlifted from England. Later estimates included equipment to be left on site for RCAF use during the maintenance of the line and was estimated to provide two years' maintenance of spares. This also included fire-fighting equipment, heavy construction equipment, laundry equipment, furniture, kitchen and mess equipment as well as spares and tools to be put into stock for replacement and repair.

Shipping conditions in the Hudson bay were far from ideal. Cargo returned to Montreal by ship urgently required for winter construction had to be airlifted. A record cold

winter on the eastern half of the line caused extremely high consumption of fuel for heating and construction operations and required airlift of fuel not previously planned.

The stress of this project from the first was one of urgency as to time and this unquestionably contributed to higher costs. It was generally recognized that this approach would result in heavier costs than would be the case in a normally spaced program. To meet the date, it was necessary to work during the extremely difficult annual freeze-up and break-up periods when efficiency of operation drops markedly.

It must be accepted that a project of this magnitude undertaken, as it was, on a "crash" basis would be fraught with differences of opinions, both technical and administrative, and problems of an almost insurmountable nature. The decision to hire a contractor to take over completely the detailed responsibilities, perform the management function including over-all co-ordination, technical assistance and detailed design as required was intended to relieve the RCAF design authority, Defence Construction Limited and the Department of Defence Production of details for which no staff was available. The hopes of the government agencies, that the detailed responsibilities would be taken over by the management contractor, were not entirely fulfilled. It should be pointed out, however, that the work was carried out at a time when the entire construction and shipping industries were struggling to cope with some of the heaviest demands in their history. It is reasonable, therefore, to conclude that the project could not always progress in the most efficient and desired manner.

While those who were close to the project may remember it chiefly for the difficulties which had to be overcome collectively, it is generally agreed by the members of the executive committee that the construction of the mid-Canada line was a truly remarkable achievement, and it accomplished its objectives in spite of an unavoidable but nevertheless complicated administrative control. These controls are of course essential in all projects involving large expenditures of public funds.

(Translation):

Mr. Roberge: Mr. Chairman, I would like to ask the Minister of Defence Production (Mr. O'Hurley) a question. Is the Frobisher Bay project the responsibility, entirely or in part, of the Department of Defence Production? I may have other questions to ask, depending on the answer.

Mr. O'Hurley: I am sorry, but I did not understand the question.

[The Deputy Chairman.]

Mr. Roberge: Is the Frobisher bay development the responsibility, either entirely or in part, of the Department of Defence Production? Depending on the answer I will receive to that, I may have other questions to ask.

Mr. O'Hurley: You want to know if it is under the jurisdiction of my department?

Mr. Roberge: Yes, that is right.

Mr. O'Hurley: No, there are contracts being carried out on behalf of the Department of Northern Affairs and National Resources. The Department of Transport is also concerned.

Mr. Roberge: Is the Department of Defence Production interested in that development?

Mr. O'Hurley: Yes, because we have awarded contracts on behalf of the Department of National Defence.

Mr. Roberge: In that case, I should like to ask the following question: What are the companies that now have contracts with regard to the development of Frobisher bay, and what are the contracts for?

Mr. O'Hurley: Mr. Chairman, I am sorry I do not have this information before me, but I may tell the hon. member that contracts have been awarded for the construction of wharves, buildings and for their installation. I might obtain that information for the hon. member but I am sorry I do not have it here with me.

Mr. Roberge: Mr. Chairman, I should like the minister to give us that information later, so that it will not delay the passing of his estimates.

Mr. Brassard (Lapointe): This is my last question on item 68, Mr. Chairman. May I ask the minister if he can tell the committee whether it happened that public tenders for some clothing items, which had been received, were recalled, and new ones asked for, mentioning the same quantities, but different specifications with regard to quality. I realize that the minister may not be able to give me an immediate answer, and I do not want to delay the passing of these estimates.

Mr. O'Hurley: I might say to the hon. member that the answer is yes, because sometimes, tenders are called, and then returned after having been examined. In that case, others are called for.

Mr. Bourget: This morning, the Minister informed the committee that there were six more escort vessels to build. Could he tell

us whether contracts have been awarded for the construction of those vessels, and if so, to what companies, and on what dates?

Mr. O'Hurley: First, I must tell the hon. member that this information was given when the estimates of my department were under consideration last year. The contract for the first vessel was awarded to the Canadian Vickers, in September 1958. As for the construction of the other five, work will begin in July 1959, and new starts will proceed from then on at three month intervals, until July 1960. One of the destroyers will be constructed by the Canadian Vickers, as I have already told you; another one by the Burrard Dry Dock, of Vancouver; a third one by the Davie Shipbuilding, of Lauzon; the fourth by the Halifax Shipyards, of Halifax; another one by the Marine Industries, of Sorel; and the last one by the Victoria Machinery Depot and Yarrows Limited, of Victoria.

Mr. Bourget: Mr. Chairman, could the minister indicate whether contracts for the construction of those ships have definitely been awarded to each of the companies whose names he has mentioned?

Mr. O'Hurley: Absolutely.

Mr. Bourget: Could the minister give the exact dates, because that is the very point I want to clear up. I was aware that the government intended to have these ships built by certain companies, but the dates were not definite.

Mr. O'Hurley: Mr. Chairman, the Burrard Dry Dock Company will start building one of these ships in July 1959. In October, the Davie Shipbuilding Company will start work on the third.

Mr. Bourget: In October 1959?

Mr. O'Hurley: Yes. They have been awarded the contract for the third destroyer. From then on, construction will start at intervals of three months, until the sixth ship is under construction, so as to complete the order by 1962-63.

Mr. Bourget: Then, it is in October 1959?

Mr. O'Hurley: The contract for the second destroyer has been awarded and the work is to start in July. I know the Davie Shipbuilding Company is to start construction of the third destroyer in October, and the work on the other ships will start at intervals of three months.

Mr. Bourget: Could the minister indicate how the contracts for these ships were allocated to each of these companies? On what basis?

Royal Assent

Mr. O'Hurley: Mr. Chairman, I cannot recall the exact French expression but it is called in English "target incentive price". This is the prevailing method in all shipbuilding companies. I regret being unable to give you a translation of the expression "target incentive price".

(Text):

Mr. Bourget: Can the minister give us the target price for each?

Mr. O'Hurley: The target incentive—

Mr. Bourget: What is the target price? Is there a fixed target price?

(Translation):

Mr. O'Hurley: The contract prices are based on the number of working hours, according to the shipyards experience. That is why each shipyard may have a different target incentive price. Anyway, I can get further information and I will be glad to give it to the hon. member.

(Text):

Mr. Pickersgill: I wonder whether I could ask the minister when the vessel to be built in the Halifax shipyards is to be started?

Mr. O'Hurley: The fourth destroyer will be built in the Halifax shipyard and work will commence somewhere around the holidays.

The Deputy Chairman: Shall vote 68 carry?

Mr. Pickersgill: No.

Progress reported.

THE ROYAL ASSENT

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

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

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

And being returned:

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

An act for the relief of Maurice Castonguay.

An act for the relief of Iris Marion Saunders Robbins.

An act for the relief of Eleonora Dudarowa Shukoff.

An act for the relief of Jeannette Belanger Ross.

An act for the relief of Evelyn Isbitsky Goldenberg.

An act for the relief of Salla Weisman Stopnicki, otherwise known as Sally Weisman Stopnicki.

An act for the relief of Ovila Rivet.

Royal Assent

An act for the relief of Bella Valinsky Segal.

An act for the relief of Alexander Pavlovich.

An act for the relief of Catherine Anne Gillis Roper.

An act for the relief of John Robertson Low.

An act for the relief of Barbara Ann Foam Armstrong, otherwise known as Barbara Ann Foam Copan.

An act for the relief of Ruth Mary Morgenstern Usher.

An act for the relief of Eddie Ronald Joe Willard.

An act for the relief of Michel Alphonse Dubois.

An act for the relief of Phyllis Ann Applebaum Isenberg.

An act for the relief of Zita May Pardoe McCall.

An act for the relief of Monique Andree Seguin Tyson.

An act for the relief of Bertha Sylvia Berman Maxwell.

An act for the relief of Margery Fletcher Dennis Phillips.

An act for the relief of Margaret Helen Dawson MacKenzie.

An act for the relief of Eleanor Gwyneth Henley Norman.

An act for the relief of Marie Pauline Primeau Landreville.

An act for the relief of Ellen Wilk Tuke.

An act for the relief of Rhoda Lillian Rabinovitch Katchan.

An act for the relief of Roger Myre.

An act for the relief of Lee Dacks Moscovitch.

An act for the relief of Lillian Goldbloom Howard.

An act for the relief of Giovanni Cavallero.

An act for the relief of Lorna Frances Hutchinson Kerr.

An act for the relief of Jessie Balfour Mains McCartney Manson.

An act for the relief of Guy Charbonneau.

An act for the relief of Meade Alexander Morgan.

An act for the relief of Carol May Campbell Williams.

An act for the relief of Adela Hawthorne Pattison.

An act for the relief of Samuel Currie Millar.

An act for the relief of Helen Mary Margeson Ransome Scudamore.

An act for the relief of Claire Anna Theresa Verdon Monette.

An act for the relief of Constance Edna Medcalfe Blood.

An act for the relief of Norma Margaret Martin Raymo.

An act for the relief of Audrey Barrasford Milburn.

An act for the relief of Sandra Stoll Goldenberg.

An act for the relief of Edith May Driscoll Jeffrey.

An act for the relief of Joyce Ethel Commerford Brewster.

An act for the relief of Hirsch Glaser.

An act for the relief of Maria Gagne Cote.

An act for the relief of Gail Patricia Northrup Brazauckas.

An act for the relief of Gilbert Forest.

An act for the relief of Yvon Poulin.

An act for the relief of Karl Wilhelm Oskar Bartels.

An act for the relief of Joseph Aime Paul Guy Genest.

An act for the relief of Allan Ray Wright.

An act for the relief of Michael Kalabiha.

An act for the relief of Joyce Ann Breaker Lee.

An act for the relief of Zina Goffman Filler.

An act for the relief of Omula Karnitis Rakauskas.

[Mr. Speaker.]

An act for the relief of Joseph Bernard Alberia Gustave Lahaise.

An act for the relief of Michael Palangio.

An act for the relief of Grace Evelyn Heggtveit Richter.

An act for the relief of Ross Kevin Ladd.

An act for the relief of Georgina Horne Parsons.

An act for the relief of Esther Paula Beernaert Martindale.

An act for the relief of Audrey Bruce Laborgne.

An act for the relief of Timothy Allan Moran.

An act for the relief of Antonio Choma.

An act for the relief of Helen Ruby Riley Onions.

An act for the relief of Simone Alberta Chretien Welsh.

An act for the relief of Edward John Mendelsohn.

An act for the relief of Marcus Gilmour.

An act for the relief of Joyce Rosemary Hudson Plam.

An act for the relief of Bernard Lawrence Boire.

An act for the relief of Marie Madeleine Marielle Faust Morin.

An act for the relief of Ruth Georgina Potts Dobie.

An act for the relief of Patricia Burnell Fraser Rosensweig.

An act for the relief of Dawn Jean McKenzie Barr.

An act for the relief of Helen Ann Kovach Ujvary.

An act for the relief of David Scott Brown.

An act for the relief of Doris Margaret Turner Smiley.

An act for the relief of Angelo Ciamarro.

An act for the relief of Gustave Rene Gosselin.

An act for the relief of Marie Berthe Jeannine Quesnel Patenaude.

An act for the relief of Mary Athanas Copis.

An act for the relief of Greta Libenstein Goldfeder.

An act for the relief of Andre Maurice Petit.

An act for the relief of Jean Huard DeRoberval.

An act for the relief of Juanita Patricia Hamilton Long.

An act for the relief of Benjamin Gordon Davidson.

An act for the relief of Margaret Isabella MacKellar Thomas.

An act for the relief of Philip Joseph Kelly.

An act to amend the Judges Act.

An act to make provision for the reduction of certain class and commodity rates on freight traffic.

An act to amend the Excise Tax Act.

An act respecting the Roman Catholic Episcopal Corporation of Prince Rupert.

An act to amend the Prime Minister's Residence Act.

An act to amend the Bretton Woods Agreements Act.

An act to amend the Federal-Provincial Tax-Sharing Arrangements Act.

An act to implement a convention between Canada and the Republic of Finland for the avoidance of double taxation with respect to income tax.

An act respecting the testing, inspection and sale of seeds.

An act to mark the occasion of Her Majesty's visit to Canada by providing for the establishment and administration of a fund to aid in research on the diseases of children.

An act to amend the Length and Mass Units Act.

An act to amend the Weights and Measures Act.

An act to amend the Export Credits Insurance Act.

An act to incorporate The Free Methodist Church in Canada.

An act to amend the Prisons and Reformatories Act.

An act respecting the adjustment of certain public service pensions.

An act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System for the period from the 1st day of January, 1959, to the 30th day of June, 1960, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

An act to amend the Farm Improvement Loans Act.

An act to amend the Veterans' Land Act.

An act respecting the superannuation of members of the Royal Canadian Mounted Police.

An act respecting the superannuation of members of the Canadian forces.

An act to amend the Unemployment Insurance Act.

Business of the House

BUSINESS OF THE HOUSE

Mr. Hellyer: I wonder if the acting house leader can give us the business for the remainder of the week?

Mr. Brooks: Mr. Speaker, the business for tomorrow and the next day was indicated last evening by the house leader, and there will be no change as far as I know.

Mr. Hellyer: Can the acting house leader give us any indication of what will be taken up on Monday?

Mr. Brooks: I am sorry, but I have no information on that.

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

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

ROAD TRAFFIC CONVENTION, 1949

Question No. 470—**Mr. Bell (Carleton):**

1. Was Canada a party to the 1949 road traffic convention?
2. If so, what negotiations have been conducted with the provinces concerning the possibility of Canada ratifying this convention?
3. By what means have such negotiations been conducted?
4. What attitude has each of the provinces expressed to the ratification of this convention?
5. Does it appear likely that Canada will be able in the near future to ratify this convention?

Answer by: **Hon. Howard C. Green (Secretary of State for External Affairs):**

1. No.

2. In 1949 provinces were informed of the forthcoming UN conference on road and motor transport and of its possible implications for Canada. After the conference, their views were requested on the possibility of ratification by Canada of the convention on road traffic. In 1956 they were asked whether they would be willing to bring their legislation into line with the provisions of the convention. They were also consulted in 1953 and in 1957 concerning detailed questions of implementation in the matter of the licensing of drivers.

3. By correspondence, in most cases between the lieutenant governor of the province concerned and the secretary or the under secretary of state.

4. Not all the provinces have replied to the government's inquiries. One province has suggested that provinces should not be asked to comment on this problem separately, as decisions of this nature should be arrived at at a conference of all the provinces. Two provinces have expressed their lack of interest, and two provinces have stated that they are working to achieve uniformity of provincial legislation by other means. Two provinces have suggested that ratification of the convention, or discussion of this possibility, would be of little value. Two provinces have replied without commenting on the desirability of ratification.

No province has expressed interest in the possibility of Canadian ratification. One province has said that none of the provisions of the convention conflict with its own legislation, but no other province has given a substantive reply to our enquiry of 1956.

5. After completing a review of the inconvenience caused to motorists abroad by failure to ratify the convention, the government will decide whether a further approach should be made to the provinces.

HOUSE OF COMMONS

Thursday, July 9, 1959

The house met at 11 a.m.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING REPRESENTATIONS ON PRICES, ETC.—APPLICATION TO FISHING AGREEMENTS

Hon. E. D. Fulton (Minister of Justice) moved for leave to introduce Bill No. C-70, to amend the Combines Investigation Act and the Criminal Code.

Motion agreed to and bill read the first time.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—INQUIRY AS TO MEETING WITH PREMIER

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he had a meeting with the premier of Quebec earlier this week and, if so, were university grants and hospital insurance questions discussed? If not, what questions were discussed?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, it is the custom when provincial premiers come to Ottawa to call on the Prime Minister. Yesterday the premier of Quebec as well as the premier of Manitoba and the premier of Nova Scotia called on me. As to the nature of the discussions, may I say that these were informal, in respect of which I have no report to make.

QUEBEC—INQUIRY AS TO PAYMENTS BY FEDERAL TREASURY

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Finance whether he is now in a position to answer the question I asked him yesterday about the payments made by the federal treasury to the treasury of Quebec.

Hon. Donald M. Fleming (Minister of Finance): That answer will be provided in due course, Mr. Speaker.

COAL

INQUIRY AS TO REPORTED APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to ask the Prime Minister whether as a result of discussions among members of the cabinet, the Prime Minister and the premier of Nova Scotia it has been decided to have a royal commission make an inquiry into the coal industry? If so, will it be a federal royal commission or a provincial royal commission?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, after the discussions have taken place, when government policy has been determined it will be brought to the attention of the house. I know the hon. gentleman will realize that until a decision is made the discussions in respect of possible decisions would not be revealed.

Mr. Argue: May I ask a supplementary question arising out of the forecast by the Minister of National Revenue that such a widespread inquiry would be undertaken. Can the Prime Minister give the house and the people of Nova Scotia some idea as to when a decision will be made, and whether or not the government intends to follow the statement of the Minister of National Revenue that such an inquiry will be held?

Mr. Diefenbaker: Mr. Speaker, I have nothing to add to what I have already said. When a decision is made it will be communicated to the house if the house is in session. If the house is not in session it will be announced in the usual way. No final decision in this regard has been made as yet; therefore any reply I might give to the question would be speculative and anticipative.

Mr. Argue: Is the Prime Minister saying that no decision has been made as to whether an inquiry into this important but lagging industry is going to be made?

Mr. Diefenbaker: Mr. Speaker, I thought I made perfectly clear the situation in which the government is at this time with regard to this matter. In so far as the coal situation in Nova Scotia is concerned, this government has shown unusual interest and action.

ATOMIC ENERGY

INQUIRY AS TO CHOICE OF SITE FOR ATOMIC POWER STATION

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce, arising out of an announcement he made to the house on June 18, 1959, to the effect that

Atomic Energy of Canada Limited was to begin immediately the final design and to plan for the early construction of a large scale atomic power station. The announcement was somewhat lengthy, but my question this morning concerns the choice of a site. Can the minister advise the house as to whether the site has been chosen for the location of the power plant?

Hon. Gordon Churchill (Minister of Trade and Commerce): No, Mr. Speaker, the site has not yet been chosen. This is not a matter which can be settled just in a day or two. The party chiefly concerned with the location of the site, I imagine, would be the Ontario hydro commission, because the power produced would be introduced into the Ontario grid; but as I mentioned on June 18, when I made the announcement, the federal government is concerned, Atomic Energy of Canada Limited is concerned, the Ontario government is concerned, but the choice of a site would be made chiefly, I imagine, on the recommendation of the Ontario hydro electric power commission. They are making an examination of suitable sites, and in course of time we shall be hearing from them.

Hon. L. B. Pearson (Leader of the Opposition): A supplementary question. Does the minister not realize that the perfect site for this power reactor would be the Blind River area, where there is lots of water, lots of rock and lots of uranium?

Mr. Churchill: Some time ago Mr. Speaker rejected advertisements of that nature from one of our members who similarly had a very suitable site to recommend.

Mr. Pearson: When did you reject that?

CRIMINAL LAW

OBSCENE LITERATURE—STATEMENT AS TO BOOK BY JACK KEROUAC

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, yesterday the hon. member for Port Arthur asked me a question arising out of an article in the *Globe and Mail* of July 8, 1959, referring to a judgment in connection with the alleged sale of an obscene book. The member asked me to inform the house what authority has determined or has the right to determine whether the book connected with that judgment is obscene.

I should point out that I have not seen a copy of the judgment. I have however had the opportunity to look at the press report, and it appears from the report that the magistrate in effect found the book to be obscene, but the accused was acquitted on other grounds in connection with the provisions of section 150 of the Criminal Code.

The answer to the inquiry as to the authority having the right to determine whether a book is obscene is to be found in the Criminal Code and in the provisions of the Customs Act. Only the courts of Canada have the right under the Criminal Code to determine whether or not a book is obscene. Under the Customs Act, customs officers and the tariff board have the same right with respect to books being imported into the country, subject to an appeal now, which was provided last year, to the county or district court. So if there were an appeal the situation would then be that it is the courts of Canada that have final authority to determine whether or not a publication is obscene.

SHIPPING

BRITISH COLUMBIA—PROVISION OF SERVICE TO UP-COAST COMMUNITIES

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Transport. Can he tell the house what action his department is taking to provide shipping facilities to up-coast British Columbia communities which, because of an industrial dispute, do not have such service now?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, we are not contemplating any action at the moment because we have great hopes that this strike will be over in the near future.

Mr. Howard: May I ask a supplementary question. What does the minister intend to do? Is he making any plans in case the strike is not over in the near future?

Mr. Hees: We will face that eventuality when it arises.

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES THIS SESSION

On the orders of the day:

Mr. Alexis Caron (Hull): May I direct a question to the Minister of Finance. Has the government received a report from the civil service commission regarding increases in the salaries of civil servants?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I have received a report from the civil service commission in this respect. However, the matter is not final as between the civil service commission and the government, because further discussions must be held with the commission on it

before I would be prepared to regard it as a final submission on the part of the commission to the government.

Mr. Caron: Does the government intend to act upon the said report before the end of the session, inasmuch as a supplementary estimate will be required?

Mr. Fleming (Eglinton): Mr. Speaker, if a decision can be made on this matter in time it will be communicated to the house in the usual way. At the present time the matter requires extensive inquiry and consideration.

Mr. McIlraith: That means no.

EXTERNAL AFFAIRS

NATO—CONSULTATION ON U.S. DECISION TO WITHDRAW PLANES FROM FRANCE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of National Defence whether the decision taken by the NATO commander, General Norstad, to withdraw United States squadrons from NATO bases in France, was taken after consultation with all members of NATO, and if there was such consultation what was the attitude of the Canadian government in respect to this matter?

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I imagine that the decision was taken after consultation with the members of the permanent council. There has been no consultation as far as my department is concerned with respect to whether that decision should be taken.

Mr. Pearson: May I ask the Secretary of State for External Affairs what attitude was taken by our representative on the permanent council in respect to this very important matter?

Hon. Howard C. Green (Secretary of State for External Affairs): This, of course, is a matter of vital concern to all NATO countries. Certainly discussions have taken place, but I do not think it would be very helpful if I were to make any further comment on the question at this time.

CIVIL AVIATION

INQUIRY RESPECTING ELEMENTARY FLYING TRAINING GRANTS

On the orders of the day:

Mr. E. A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of Transport. Is the minister in a position to inform the house whether, in the interests of the future of civil aviation, the subsidy or grant of $100 currently paid to graduating students, flying schools and flying clubs will be continued beyond 1960? Has there been any indication that the government will withdraw such support?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for giving me notice of his intention to ask this question. Both industry and government have for some time recognized that the federal grants for elementary flying training need to be reviewed because of changing technical conditions and requirements in aviation. The military portion of this grant was withdrawn some time ago, and the civil portion is under study. While no decisions have been reached, I feel that assistance in some form is likely to continue, though its nature and objectives may differ from the present scheme.

WATER RESOURCES

LAKE MANITOBA—INQUIRY AS TO MEASURES TO CONTROL LEVEL

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Northern Affairs and National Resources if he or his department has had any discussion with the government of Manitoba or any of the Manitoba authorities with regard to control of the level of lake Manitoba which, as the minister undoubtedly knows, has reached an alarmingly high figure.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): The matter of the water levels of lake Winnipeg and lake Manitoba—

Mr. Pickersgill: This is lake Manitoba.

Mr. Hamilton (Qu'Appelle): —is under constant watch by the department of northern affairs. There have been no discussions at my level but I have been informed of the high levels of the lakes.

INQUIRY FOR RETURNS

CHIPPEWA INDIAN RESERVE, SARNIA—LAND DISPOSAL—SALE OF LAND

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Citizenship and Immigration. I wonder if the hon. lady could tell us when the orders respecting the Chippewa Indian reserve at Sarnia will be brought down.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The staff has been working on the copying of these records,

and I expected to have them some time this week. I will inquire as to the progress that is being made.

IMMIGRATION

REPORTED PROPOSAL BY GOVERNOR OF LOUISIANA TO VISIT CANADA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the hon. lady a question. In view of the immigration regulations as they now stand, is the hon. lady's department looking forward to welcoming the governor of Louisiana, who has announced a proposed visit to Canada?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, that is a hypothetical question.

HOUSING

MOSS PARK, TORONTO—REPRESENTATIONS ON LOW RENTAL PROJECT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Public Works. Could the minister confirm that his request to the city of Toronto to consider alternatives in Moss park other than a low rental development resulted, as alleged in yesterday's Toronto *Telegram,* from representations made to him by the hon. member for Rosedale?

Hon. Howard C. Green (Minister of Public Works): Well, now, Mr. Speaker, I am not quite sure how many fishhooks there are in that question. The fact is that Central Mortgage and Housing Corporation considers all redevelopment schemes with great care. They require a great deal of study. As the hon. member knows, some days ago a decision was made to go ahead with the clearance part of the project. In so far as the type of housing which is to be erected on the land is concerned, we have suggested to all parties concerned that they give further thought to the best use that could be made of the land under all the circumstances.

This is a matter upon which there have been various discussions and various representations made by all those who are interested. including the various members from the city of Toronto. My understanding is that at the present time these studies are under way, and eventually I hope it will be possible for the three levels of government to reach an agreement as to the type of housing that should be erected on this property. It is downtown property and, I understand, between two main highways. It is not in a desirable location for bringing up small children.

[Mrs. Fairclough.]

Mr. Fisher: May I ask a supplementary question, Mr. Speaker. The minister realizes that the purport of the question was to estimate just how influential representations are from certain members of parliament?

Mr. Speaker: That is not the type of question the hon. member should expect to be answered.

TRANSPORTATION

ROYAL COMMISSION—INQUIRY AS TO SECRETARIAT AND HEARINGS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister regarding the royal commission on freight rates. Would the Prime Minister give the house some idea of the progress the commission has made in obtaining a secretariat? Could the Prime Minister also say whether the royal commission intends to hold public hearings across the country and when, in view of the restriction as to time, the royal commission will get these hearings under way?

Hon. George H. Hees (Minister of Transport): I shall answer this question. I was talking to the chairman of the commission a short time ago and he advised me he has got together a secretariat. He expects to be having an organization meeting of the commission the middle of this month and has been advised by many of the interested parties, the railways and other groups, that it will take them about two months to prepare their submissions. They requested that the hearings should not start until early September, and he has advised me that he plans to commence the hearings in early September.

Mr. Argue: Can the minister say whether it is the intention of the royal commission to hold public hearings at various points across the nation, in western Canada, the maritime provinces and so on?

Mr. Hees: I have not discussed that particular aspect with the chairman. I assumed that probably would be his idea. I can assure the hon. member that this will be a very thorough inquiry.

Mr. Argue: I wonder whether the minister would again inquire of the commission whether it is their intention to have such public hearings across the country, and report to parliament with as much information on this matter as he can get?

Mr. Hees: Yes, Mr. Speaker.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF PARLIAMENTARY SECRETARIES

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Now that royal assent has been given to the measure, may I ask the Prime Minister whether it is his intention to appoint parliamentary secretaries before the conclusion of this session?

Right Hon. J. G. Diefenbaker (Prime Minister): Two or three weeks ago the hon. gentleman was advocating that the appointments be not made until next session, as I recall it. However, I think his zeal to have this answer will receive as early attention as possible.

Mr. Pearson: Does the Prime Minister not realize that my zeal or interest in this matter is nothing to that of 24 of his friends opposite?

Mr. Diefenbaker: There again, Mr. Speaker, their interest is more impersonal than his.

HEALTH INSURANCE

PRINCE EDWARD ISLAND—INQUIRY AS TO SIGNING OF AGREEMENT

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask the Minister of National Health and Welfare whether all differences have now been resolved between the province of Prince Edward Island and the government in the matter of the health insurance program, and when it is expected that the agreement will be signed, if that has not already been done within the past few hours?

Hon. J. W. Monteith (Minister of National Health and Welfare): I think I informed the hon. member just the other day—yesterday or the day before—that this agreement would be signed in a very few days and that naturally negotiations had come to a successful conclusion.

Mr. Martin (Essex East): My question was when would the agreement be signed.

Mr. Monteith (Perth): I cannot say the exact date, but it will be in the near future.

SUPPLY

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

DEPARTMENT OF EXTERNAL AFFAIRS

Department and missions abroad—

76. Departmental administration, $6,319,803.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Chairman, in opening my remarks today on the estimates of the Department of Veterans Affairs—

Some hon. Members: Oh, oh.

Mr. Green: I am afraid I have done so much talking in this house on veterans affairs in the last 24 years that I have become accustomed to referring to that department. However, my very old friend the Minister of Veterans Affairs (Mr. Brooks) objects strenuously to my interfering with his department. He is always annoyed when my old speeches when in opposition are quoted at him when he is putting his estimates through, so probably it is because of a guilty conscience that I spoke of the Department of Veterans Affairs. In any event, I will try another start.

In opening the discussion on the estimates of the Department of External Affairs I am deeply conscious of the sadness of the fact that the late Hon. Sidney Smith is not here to carry on with these estimates for which he had been responsible and in the presentation of which, some months ago, he had done so well. During the time I have been the minister of this department I have had confirmation of my opinion that Sidney Smith was making a great contribution to public life and was about to become one of the great foreign ministers in the world.

We all realize what a tragedy it was that he was taken from us so suddenly and perhaps the best way in which we can show our feelings in this regard is to keep in mind the unselfish contribution he made to the welfare of his fellow Canadians when he left such an important post in university life to enter the hurly-burly of political life. And he did so, I know, in the hope that he would be able to do something to further the cause of world peace. I shall be trying at all times to keep in mind the example he set in this department.

Before I go on to deal with foreign affairs I should like to thank the members of the House of Commons once again for the very kind reception they have given me today and for the encouragement they have given in the last few weeks. This is most helpful, and there has been similar encouragement from many other sources; for example, from Canadians in all walks of life and in all parts of the country. And it has been somewhat of a surprise to me to realize how deeply Canadians today are interested in what goes on beyond the borders of our nation, though I suppose one should have realized that that would be the case because of the terrific issues at stake in external affairs in a nuclear age. Certainly I have no doubt that Canadians today are very much concerned over the part their nation is going to play in world affairs and, in particular, over the part their nation will play in furthering co-operation among all the nations of the world.

I have also had understanding and encouragement from the representatives in Canada of other nations. Members of this house—and I include myself in that group—sometimes do not realize that we have here leading men from all over the world, men who have made a success in their own country and who have come here to represent their nations. Each and every one of them is a friend of Canada, and each and every one of them has a great contribution to bring to the public men of Canada with whom they come into contact.

There has not yet been time for me to have a long talk with each of the ambassadors and high commissioners, but I have been able to talk to quite a few and in every case I have learned a great deal and have been greatly helped as I approach the problems confronting a minister of foreign affairs in Canada. I hope that from time to time it will be possible to meet these representatives in other places, perhaps at the United Nations or at NATO conferences or in their own homelands, and I would suggest to members of this house that they should lose no opportunity to get acquainted with the ambassadors and high commissioners, and the staffs of the various missions in Ottawa, in order not only to show that we are friendly to other nations of the world but also to learn, as leaders of the Canadian people, more of what is being done and more of the aims and ideals of those nations which are so ably represented in Ottawa.

Also, Mr. Chairman, as I expected, I have received very great help from the officials of the Department of External Affairs. They have had the difficult task of beginning the education of a new minister. There have been many memoranda prepared. Perhaps most of them would not have been necessary if I had been doing my homework during the last 24 years.

Mr. Pearson: You were doing your home work.

Mr. Green: In any event, the relationship between us has been very happy, and here again I doubt whether many members of the house have a clear idea of just what these Canadians are doing for their country. Two days ago I attended the annual picnic of the Department of External Affairs, and yesterday I attended the annual picnic of the Department of Public Works. In fact I am getting to be quite good at picnics. But at that picnic the families and particularly the children of these men who have represented Canada in places all over the world gave me a much clearer picture of what they are doing. One little girl, seven or eight years of age, speaks four languages and I expect that before very long she will be learning a fifth.

Then there was a foot race on snowshoes for the heads of divisions; that is to say, for the men who are giving the leadership here in Ottawa in the Department of External Affairs. After seeing them in action I am convinced of their great vitality and vast speed, and I think the winner and the runner-up are very well qualified to be appointed ambassadors in Antarctica. These men and their families are great Canadians, probably more so from the fact that abroad, in these various countries, they have spoken for the people of Canada. I have the utmost confidence not only in the work they are doing now but in the work they will do in the years ahead.

In the external affairs debates I hope it will be possible to have frank discussion. The department would be very glad to have the suggestions and criticism of hon. members, provided there are not too many bricks in the criticism. There are a great many members of the House of Commons who are now well qualified to express opinions on external affairs. I think of those hon. members who have served on the standing committee on external affairs, which I believe is the topnotch committee of the commons. Many hon. members have been taking part in these committee meetings for a great many years and some have learned a great deal about external affairs. They are therefore in a position to make worth-while contributions in the debates in this house.

I think also of those hon. members who have participated in various conferences, for example, at the United Nations. Quite a large number of hon. members have taken part as delegates, alternates or observers, and there will be more going to New York in September. We plan to have observers, for example, from the two opposition parties in the usual way. There have been others taking part in NATO conferences. In fact, whenever I notice an empty desk in this chamber on the government side I wonder if the occupant who should be there is not in Paris, London, Ankara or somewhere else abroad attending a NATO conference.

I am sure these conferences are very enjoyable, but in addition to that they are beneficial to Canada and qualify the members who attend to give worth-while opinions here on the floor of the house. Just a week or two ago we had the interparliamentary conference attended by representatives from the United States congress and from our own parliament.

The hon. members who took part in that conference are also in a position to make a contribution here today, and I hope some will do so.

I would prefer to be able to speak today without notes or with very scanty notes. However—and I am sure the Leader of the Opposition will confirm my findings in this regard—this seems to be a heinous offence from the point of view of the officials of the department, and they are most insistent that one's remarks should be very carefully weighed and that extensive notes should be used. I must admit that I have lost out in this battle and appear here today with a few notes from which I propose to read. I hope hon. members will bear with me, because I know just as well as they do that it is extremely difficult to read remarks and keep people awake. Perhaps, however, we will be able to do a little better in that regard this morning.

The first subject I plan to discuss is the Geneva conference. I am aware, as you are, Mr. Chairman, that Canadians have been following with close attention the course of the foreign ministers' discussions in Geneva. As hon. members know, the foreign ministers' conference adjourned on June 20 and will resume its sittings next Monday, July 13. It is disappointing that no agreement was reached during the six weeks of negotiations, but at the same time one should not underrate the benefits of the discussions which took place. The attitudes of both sides have been clarified, and there are some common elements in the proposals advanced on the Berlin issue which might possibly lead to progress.

This has been a period of re-examination for the west, both with respect to the attitude to be adopted in further discussions and with respect to the question as to whether the present discussions might usefully lead to a summit meeting. The United Kingdom, the United States and France, as the western negotiating powers, together with the Federal Republic of Germany, are examining the records of the discussion and are consulting to determine how best to proceed in the hope of making some progress. In addition—and this is important to Canada—to participation in consultations with the negotiating powers which are taking place in the NATO council, in which consultations, of course, Canada is at all times represented, the Canadian government will shortly have the opportunity of discussing these matters with the United States Secretary of State, Mr. Christian Herter. As I announced in the house yesterday, Mr. Herter will be here on Saturday.

It is to be hoped that during the period of recess of the foreign ministers' conference the Soviet leaders will come to realize that nothing is to be gained by an attitude of challenge and impatience. If progress is to be made it will be necessary for the east-west talks to be conducted in an atmosphere free of implied threats or peremptory demands.

As hon. members are aware, the Canadian government has consistently supported proposals for negotiation with the Soviet union on the question of Berlin, and on other issues. Since in this thermonuclear age war is unthinkable, there is no alternative to negotiation for the solution of these problems. In our view negotiation implies a preparedness on both sides to do more than exchange views across the conference table. Each side must go some way to meet the basic interests of the other. If it is possible to arrive at some settlement on the Berlin question, the way should be opened for the solution of broader problems.

For these reasons we have watched with satisfaction the patient and determined efforts of the three western negotiating powers at Geneva to find some basis for reaching agreement. We commend the willingness shown by the western powers to make modifications concerning the terms of their presence in Berlin, which take account of expressed Soviet concerns. At the same time we support the principle, on which the western powers have been united, that no agreement would be acceptable which placed in jeopardy the security of Berlin or the freedom of its citizens, or which could have the effect of foreclosing the prospect of the reunification of Germany. Unfortunately, circumstances do not seem propitious for great or sudden progress on the basic problem of reunification. This should not, however, preclude us from attempting to create an atmosphere in which reunification can more easily be brought about.

Where the resumed foreign ministers' conference will lead us cannot now be predicted. The Canadian government has held to the view that progress toward settlement of some international issues might be achieved by discussions amongst heads of government, in other words at a summit conference. It is the hope of the Canadian government that such a meeting can be arranged. Then there may prove to be subjects other than those relating to Germany and Berlin—I mention the suspension of nuclear tests and the peaceful use of outer space as examples—on which progress could be made by high level discussions. At this stage, I think as few preconditions and prior stipulations as possible

should be placed in the way of a summit meeting. For example, there have been signs of some difference of opinion on the question of who should participate in a summit conference, and there are indications of a trend to increase participation. In the judgment of the Canadian government this is not likely to be a helpful development.

The suicidal prospect of global war must be apparent to all nations, and the need of finding some alternative for the settlement of differences must recommend itself to all statesmen. For a middle power such as Canada, with brilliant prospects of development, the international tensions which keep alive the threat of a nuclear holocaust are in themselves especially significant. The speed with which our hopes and prospects can be realized, however, will depend to an important degree upon the international atmosphere. We must work, within the western alliance of which we are a member, toward a reduction of tension if we are to be free to devote a greater part of our national talents and energies to constructive Canadian development.

Through NATO Canada is able to work intimately with the United Kingdom, the United States and the 12 European member states in the formulation of policies and attitudes which are designed to facilitate progress toward a settlement of some of the highly complicated issues dividing east and west.

Today NATO takes stock of the past decade and the plans for the years ahead. Nothing that can be seen on the horizon suggests or permits the luxury of a slackening in the preparedness of free nations. The need for vigilance and unity is as imperative now as at any time during the past decade. It is imperative not only for reasons of our security but also in the context of our never-ending search through diplomacy for peaceful solutions to the problems dividing the world today.

The presence of Canadian forces alongside their friends from the United Kingdom, the United States and Europe is both an earnest of Canadian intentions and an important cause of the respect accorded Canada in the daily conduct of international affairs. I might mention, in connection with the stationing of Canadian forces in Germany, that the negotiations concerning supplementary arrangements governing their status in that country have recently been concluded, and that signature is expected to take place next month. I regret that as the house will, I hope, have risen by that time, it will not be possible to table the documents, but this will be done early in the next session of parliament.

Even though the initial emphasis in NATO was on military requirements, the members of the alliance have recognized the fundamental community of interests and aspirations shared by all parties to the treaty, and have fostered through the years the development of an Atlantic community of like-minded nations and peoples. Today, when the threat to the free world is not only military but economic, political and psychological, Canada is playing its part in stressing the need for consultations between member governments in the development of both the military and non-military aspects of the alliance. Support for NATO remains an essential cornerstone of Canada's foreign policy.

It is natural enough, Mr. Chairman, that with Her Majesty, by happy circumstance, in Canada when this debate takes place, the commonwealth and Canada's place in it should be foremost in our minds at this time. I recall with satisfaction the useful exchanges of views which have taken place here in Ottawa in recent months with a number of commonwealth leaders. In March we had the pleasure of welcoming the United Kingdom Prime Minister, Mr. Macmillan, and foreign secretary Selwyn Lloyd, and I would like to take this opportunity of paying tribute to the important part they have since played in preserving the unity of approach of the western powers in the difficult negotiations that have been carried on at Geneva. We have, in addition, had the privilege of welcoming here the Prime Minister of Australia and cabinet ministers or other distinguished representatives of India, the West Indies Federation, Pakistan and, only last month, Nigeria.

One has only to recite the far-flung territories from which these visitors came to be reminded of the vast compass of this friendly association of nations which continues to exercise a beneficent influence on the affairs of all mankind. It is an association, moreover, which is never static but constantly expanding and evolving as former dependent territories take their place in orderly progress as free and independent members of the commonwealth. As a member of the commonwealth we are justly proud of its record in facilitating the constitutional development of its members. For example, very recently we had the opportunity of welcoming a further step in this direction and yet another member, Singapore.

Similar developments are taking place today in another most important area of the world, Africa. In the welter of news reports

about problems and stresses in various parts of that continent I am afraid there has been a tendency to overlook a significant and happy commonwealth event in Africa. I am referring, of course, to the fact that recently powers of self-government passed to the populous northern region of the federation of Nigeria, thus completing the internal political evolution which is to culminate on October 1, 1960, when the large and important nation of Nigeria is scheduled to obtain independence.

I am happy to say that both the Prime Minister of the federation and the premiers of the regions have expressed the intention to remain in the commonwealth. I am sure all hon. members will wish to join with me in expressing to the Nigerian leaders and to the United Kingdom government congratulations for their respective parts in this welcome event. The Canadian government hopes to be in a position to establish suitable diplomatic representation in Nigeria and to take similar action with respect to the federation of Rhodesia and Nyasaland as soon as circumstances permit.

It will be appropriate, I think, if I should say a word or two here about the assistance which Canada has been giving in recent months to the less developed countries under the various programs which have been established for this purpose, especially since most of Canada's assistance has gone to our partners in the commonwealth family. I refer, of course, to the Colombo plan. If the commonwealth association is to continue to have the meaning it now has, it is important that the less developed countries of the commonwealth should continue to be able to count on the active sympathy and support of those of us who are in a more fortunate position.

Since my predecessor last reviewed the position we have been able to carry to a successful conclusion our discussions with Pakistan and Ceylon with respect to their share of the Colombo plan appropriation voted by parliament for the fiscal year 1958-59. As a result of these discussions we have now agreed that $13 million in the form of Canadian commodities and equipment will be made available to Pakistan and $2 million to Ceylon.

Under the Pakistan program we have agreed to provide a further $2 million worth of wheat in addition to the $2 million of which the house was informed last November. The amount of $2,800,000 will be devoted to the provision of industrial metals which are urgently required for the industrial sector of the economy to help maintain reasonable levels of industrial activity and employment. Some $650,000 will be made available in the form of wood pulp which is required for a new newsprint mill being constructed by a Canadian engineering firm. Then $120,000 will be provided for the purchase of pesticide spraying equipment and $200,000 for the purchase of three Beaver aircraft to help with the eradication of crop pests. The sum of $500,000 has been set aside to provide spare parts and to finance the cost of overhauling the equipment which has been used in the construction of the Warsak dam, and which will be turned over to the government of Pakistan as and when it ceases to be required on the project. An amount of $1,100,000 has been allocated to the construction of a transmission line from Karnaphuli to the port of Chittagong in east Pakistan. The balance of $3,630,000 available from the $13 million set aside for Pakistan is being allocated tentatively to two new projects, one in the construction field and the other aimed at creating additional electrical generating capacity in Pakistan.

Turning to the Canadian aid program in Ceylon, the government has approved an allocation of $710,000 to finance the continuation of the aerial photographic and resources survey which a Canadian firm has been carrying out in Ceylon under the Colombo plan. A second project, which has been tentatively selected, covers the construction of transmission lines in an area in the development of which Canada has already had an opportunity to participate.

We have also completed discussions with a number of non-commonwealth countries, notably Indonesia, Burma and Viet Nam, out of which has emerged a program that will absorb about $2 million of the Colombo plan appropriation voted by parliament for 1958-59, the last fiscal year. This program comprises the provision of Canadian foodstuffs, Canadian participation in a highway survey and a bridge building project in Burma and the supply of prospecting equipment to Burma and of three Otter aircraft to Indonesia to assist that country in the development of its widely scattered island economy.

We hope shortly to be able to commence discussions with our Colombo plan partners about the program to be financed out of our contribution for the present fiscal year, 1959-60, which as the house is aware will be increased from $35 million to $50 million. There are, however, two projects to which I might refer briefly today because they are projects of a regional nature which, because of their importance and the very substantial benefits that are likely to flow from them, have attracted wide interest and support from countries other than Canada.

The first of these is the Mekong river project, about whcih my colleague the Minister of

Finance provided information to the house on March 12. I am glad to be able to say that the arrangements for Canadian participation in this project are moving ahead rapidly and that we expect the photographic surveying of the Mekong river basin, which as hon. members know affects several different nations, to get under way before the end of the year. In working out these arrangements we have had the benefit of the full and enthusiastic co-operation of the riparian states and the executive agent whom the United Nations has placed at their disposal to help with the administration of the project.

The second project about which I think the house would wish me to say something at this stage relates to the development of the Indus waters system. As the house is aware, the apportionment of the waters of the Indus system is one of the residual problems that has been left over from the partition of the Indian subcontinent in 1947. This problem has been a source of continuing difficulty between India and Pakistan, and efforts to solve it had proved to no avail. Some years ago, therefore, India and Pakistan agreed to refer this problem to the international bank to see whether the officials of the bank could devise a solution which would be at once economically feasible and politically acceptable to them.

As a result of the negotiations that have been conducted under the bank's auspices, the elements of a solution have now emerged in terms of an engineering program that would safeguard the interests of both countries. The bank has asked the governments of Canada, Australia, the United Kingdom and the United States whether they would be prepared to co-operate in the implementation of this program, which is expected to extend over a 10-year period. The Canadian government agreed in principle to participate in the program that has been drawn up by the bank, on the understanding that the funds required for this purpose would be provided as part of our increased Colombo plan contribution. I am confident that the house will endorse the government's view that it is in Canada's interest to help in the solution of a problem which has stood in the way of better relations between two of our commonwealth partners in Asia.

One final commonwealth development certainly deserves mention here. At the commonwealth trade and economic conference held in Montreal last year a commonwealth scholarship scheme was agreed to by the governments there represented. It was envisaged that in time there might be as many as 1,000 commonwealth students studying under the auspices of the scheme in commonwealth countries. At Montreal, Canada undertook to be responsible for one quarter of this total, or about 250 places at any one time. The cost of this commitment to Canada is estimated at about $1 million annually.

As I informed hon. members last week, detailed discussions about the implementation of the proposed scholarship scheme will take place at a commonwealth education conference to be held from July 15 to July 29 at Oxford; in other words, it starts next Wednesday. The purpose of this conference is to work out the scope and detailed arrangements of a commonwealth scholarship scheme. In addition, however, the conference will have a wider mandate:

> —to review existing arrangements for commonwealth co-operation in the field of education and to make recommendations for any improvement or expansion that may be possible, particularly in regard to the supply and training of teachers.

On July 3 I announced to the house the composition of the Canadian delegation to the commonwealth education conference. I indicated at the time that members of the delegation would be required to leave for the United Kingdom over the week end and that accordingly I foresaw some difficulty in adding representatives to the delegation at that stage. However, the hon. member for Burnaby-Coquitlam suggested that there should be a representative from a teachers' federation, and I am glad to tell the house today, as I have already been able to tell the hon. member, that through the good offices of the Canadian teachers' federation it has been possible to add Mr. G. A. Mosher to the delegation as a teachers' representative from the province of Nova Scotia.

Turning to our relations with our neighbour and good friend, the United States, I shall endeavour to confine my remarks to certain matters which are of current interest. Within the past two weeks a signal event occurred when the President of the United States joined with Her Majesty the Queen at the opening ceremonies of the St. Lawrence seaway. It was a happy occasion, and the importance of good relations between the two countries was underlined by the realization of what could be done to the advantage of both in co-operation. The personal and friendly relations which existed among Her Majesty, the President, the Prime Minister and the ministers of the two governments—and I might add the Leader of the Opposition and other very responsible citizens of Canada and the United States—were evident as together we took part in the opening ceremonies and other events of that day. It seemed to me that in many ways we were paralleling the experiences of numerous

families, business firms, service clubs and other organizations in our friendly approach to matters of common concern.

A particular parallel is, of course, present in my mind. The opening of the St. Lawrence seaway was chosen as a convenient occasion for a meeting of the legislators of the two countries, to which I made some reference in opening my remarks. May I take this occasion to pay tribute to the members of the interparliamentary group who examined together many of the facets of the relations between the United States and Canada, and whose serious and constructive approach will, I am sure, be reflected in discussions of matters affecting the two countries as these are dealt with from time to time in our respective legislative bodies. A sound basis of understanding one another's points of view together with an objective attempt to determine what is the real national and international interest in each question will, I am sure, pay untold benefits.

The boundary water problems between the two nations are receiving urgent attention, especially that concerning the development of the waters of the Columbia river basin, a problem to which the international joint commission has been devoting active consideration for some years. In January of this year, 1959, the two governments requested that the commission should report specifically and quickly with respect to the principles which might be applied by governments to two matters; first, the calculation of the benefits accruing in the downstream country in consequence of the storage and regulated release of water in the upstream country; second, the allocation between the two countries of these benefits.

Although no formal report has so far been made to governments by the commission, the chairmen are keeping their respective governments informed of the course of their deliberations. As hon. members are aware, the commission does not maintain an independent staff. Accordingly the facilities and the personnel of government departments and agencies of the United States, Canada and also of the province of British Columbia have been placed at the disposal of the commissioners. I am confident that it will be possible for the commission to report soon recommending principles which will be acceptable to the governments concerned. Such principles, with respect to the determination and division of benefits, should reduce materially the period required for completion of an international agreement.

The immense volume and complexity of Canada-United States economic and commercial relations inevitably create many difficulties and problems. These receive a great deal of publicity which sometimes tends to obscure the fundamental fact that our mutual economic relations are on the whole extremely profitable and advantageous to both sides. This is the starting point from which we must examine the particular, and often very important, difficulties which turn up from time to time, such as questions arising from the operation of Canadian subsidiaries of United States companies and, related to this, the problems sometimes encountered in the attempted extraterritorial application of United States legislation and policy.

I have in mind such matters as United States anti-trust proceedings and the effect of United States commercial or strategic policy on Canadian subsidiary companies. We have also had problems in our various agricultural sales and disposal policies and in connection with restrictions or limitations by one country on imports from the other. Such problems are a continuing and natural consequence of our closely interlocked economies. They are not problems which are susceptible of any general or final solution, and genuine differences in our interests must be faced frankly; but I believe most of these problems can be met to the mutual satisfaction of the two countries if we continue to tackle them in a spirit of good will and friendly co-operation, always bearing in mind the great mutual gain arising from our commercial and economic dealings with each other.

I am particularly pleased to be able to say that in recent months there have been a number of very important developments or decisions in the United States which have favourably affected Canadian interests and have reflected a responsible and co-operative attitude in the United States toward relations with Canada and other friendly countries. I have in mind, for example, the modification of the United States oil import provisions, as they affected Canadian oil transported by land; the removal of obstacles to transit shipment of certain goods—including, I think, canned shrimp—and the favourable modification of "buy American" requirements on United States defence orders.

Another recent example which was of particular significance to Canada was a ruling of the office of civil and defence mobilization that imports of large hydroelectric turbines and other related electrical generating equipment would not endanger the national security. As a consequence of this ruling a Canadian company will share in a very substantial contract for turbines to be installed at the Big Bend dam on the Missouri river in South Dakota. These are all matters on which we have had direct and friendly

discussions with the United States authorities, and the outcome indicates what can be achieved by this means.

Similarly, our defence relationships with the United States continue to be close. These relationships stem from an identity of interest in the face of the possibility which exists, by reason of technological advances in modern weaponry, of a devastating attack on our two countries. Neither country can defend itself effectively in the face of such a threat without the co-operation of the other. This collective approach to the problem of continental defence is but one segment of a much wider collectivity of effort through the NATO alliance.

The military planning of joint defence activities and the implementation of specific projects in this field are of primary concern to the Minister of National Defence, who reported fully to the house during last week's defence debate. I shall not, therefore, comment on these strictly military aspects of our defence co-operation with the United States. I would, however, like to speak briefly on the other important factors which influence that co-operation. Our identity of interest with the United States in the defence field does not preclude our differences of emphasis on policies designed to serve our common objective. It is for this reason that the Canadian government insists that we be consulted regularly and fully by the United States government on a wide range of developments throughout the world which might bring with them the possibility of armed conflict.

In our bilateral dealings on defence matters with the United States the Canadian government does not hesitate to assert the requirements of Canadian sovereignty. Canadians are convinced, I am certain, that the best physical protection of our sovereignty lies in co-operative continental defence arrangements. Canada must insist, however, that such co-operation shall not jeopardize the political and economic objectives of our own nation.

The Chairman: I regret to interrupt the minister, but I must inform him that his time has expired. Is it the pleasure of the committee that the minister be allowed to continue?

Some hon. Members: Agreed.

Mr. Green: Once again, Mr. Chairman, may I express appreciation for the kindness of hon. members in giving me further time.

Most of us are inclined to overlook the fact that we have another great neighbouring state, the Soviet union. As has been mentioned on more than one occasion in this house, Canada has a special interest in its relations with the Soviet union. Together our northern boundaries account for the major part of the coast line of the Arctic ocean. We share a deep interest in problems of northern development, transportation and communication across a large land mass, the exploitation of basically similar timber, mineral, agricultural and other resources. As a consequence, each has much to gain from drawing upon the other's experience.

In recent years interchanges between our two countries, particularly in the scientific, cultural and technical fields, have increased in a limited but encouraging way. The appearance in Toronto and Montreal only a few weeks ago of the famed Bolshoi ballet is a pleasant manifestation of this development. Exchanges of delegations and information are continuing in a variety of other fields.

The developments which have been taking place in Canadian-Soviet relations are in large part a reflection of the Soviet union's emergence into more active participation in the affairs of the world community. It has been in only comparatively recent times that the Soviet union has begun to take an active part in many of the agencies of the United Nations, at world conferences in various fields of science and technology and in such international co-operative ventures as the international geophysical year. Canada has welcomed this evidence of the Soviet union's desire to take up some of the heavy obligations which fall to a great world power.

Turning to a more remote corner of the world, I should like to say something about Indochina, where Canadian civilian and military officers continue to serve on two of the three international commissions which were set up by the Geneva agreements in order to maintain those agreements. I shall begin with Laos where, the committee will recall, the international commission adjourned *sine die* in July, 1958, following the conclusion of political and military agreements between the Laotian government and the dissident Pathet Lao.

Since the beginning of this year, when it was reported that north Viet Namese troops had crossed into Laotian territory as a result of border disputes, the situation in Laos has attracted some degree of public attention. There have been more recent troubles in Laos caused by the refusal of two battalions of the ex-Pathet Lao—I am not sure of my pronunciation, Mr. Chairman —to accept terms for integration into the Laotian army, which was provided for by the military agreement reached between the Laotian government and the former Pathet Lao in November, 1957. One of the battalions later accepted integration. The other refused

to do so and is now dispersed at the border of north Viet Nam. However, the situation has improved recently and the Laotian government issued a communiqué stating that this affair can now be regarded as closed.

The difficulties in Laos prompted numerous requests for reconvening the international commission for Laos, of which, as hon. members know, Canada is a member. The Canadian position, as stated by the right hon. Prime Minister in the house on May 8, is that Canada cannot agree to any commission action which would infringe upon Laotian sovereignty. The Laotian government is understood to be opposed to the reconvening of the commission, but has pledged itself to uphold the Geneva cease-fire agreement. We are in continuous touch with the Indian and United Kingdom governments on this question—India being another member of the commission, with Poland the third member—and we are watching Laotian developments closely.

As to Cambodia, it was stated in the house on July 25, 1958 that an adjournment formula similar to that used in Laos might be applied to the Cambodian commission. This has not proved possible, although efforts in this direction are continuing and the strength of the Cambodian commission has been reduced to a minimum.

In Viet Nam, the tension between south and north has not abated, unfortunately, and the Viet Nam commission—on which Canada is also represented, as she is on the Cambodian commission—continues to perform a valuable task in maintaining stability in the area. However, we hope that it might be possible to effect a reduction of the strength of the Viet Nam commission which would not impair its effectiveness.

I take this opportunity to pay tribute to the way in which India has fulfilled the difficult role of chairman of the three international commissions. Our work together in Indochina has been and will, I am sure, continue to be one of beneficial co-operation.

The policy of the Canadian government toward relations with communist China was examined at some length by the late Hon. Sidney Smith last February, and I do not intend to restate it here. Hon. members will find that statement commencing at page 1405 of this year's *Hansard*. The Peking authorities, however, do not make things any easier for us. Last year, for instance, when the Chinese question was being discussed in the United Nations, it had to be done against a background of communist attack on the nationalist-held islands of Quemoy and Matsu. More recently there has been the repression of Tibet, the attempt to tamper with its way of life, extinguish its religious values and destroy its autonomy. These actions are not conducive to the peaceful relations which we should like to have with the Chinese people. Let us hope that the situation in that respect will improve.

Finally, Mr. Chairman—last but by no means least—I have a few comments to make with regard to Canada and the United Nations. This is the season of the year at which foreign offices throughout the world begin to turn their attention to the annual general assembly of the United Nations. It is an opportune moment at which to give hon. members an account of some of the accomplishments of the agencies of that organization during the period since it last met in plenary session, and to give some thought to matters to which its attention will be devoted at the forthcoming fourteenth session.

First there is the matter of disarmament. Hon. members will be aware that during the past several months discussion of the substantive problems of disarmament has been limited to the negotiations at Geneva on the discontinuance of nuclear tests. These negotiations were begun among the United Kingdom, the United States and the Soviet union on October 31 last. The central problem separating the two sides became clear at quite an early stage. It concerns the procedures to be used for the dispatch of teams to make on-site inspections of unidentified events which could be suspected of being nuclear explosions. The United Kingdom and the United States position has been that inspection should be initiated automatically, on the basis of agreed technical criteria, by the administrator of the control system unless a contrary decision were taken by a two thirds majority of the control commission. The Soviet union has argued that such arrangements would enable the western powers to use the control machinery for purposes of espionage. The Soviet union therefore has demanded that the dispatch of inspection teams should require the concurrence of the three nuclear powers.

With a view to finding a way out of this deadlock Prime Minister Macmillan, during his visit to Moscow, suggested to Premier Khrushchev that each side should have the right to demand that an agreed annual quota of inspections be made which would not require votes in the control commission. Some weeks later the Soviet representative at Geneva introduced a proposal based upon this concept. I may say that the Canadian government considers that Prime Minister Macmillan's idea seems more likely than any

other suggestion we have seen to provide the basis for a solution to this most difficult problem.

Following a short recess when the foreign ministers' meeting started, negotiations were resumed on June 8, and shortly thereafter the three representatives agreed to the formation of a working group of experts to study methods for detection of nuclear explosions carried out at high altitudes; that is, from thirty kilometres to fifty kilometres above the earth. The expert group met beginning June 22 and their report has just been received. I trust that its technical findings will facilitate political agreement.

Also during the past month the United States representative introduced papers relating to the problem of detecting underground nuclear tests. The Soviet representative has not as yet agreed to take these new data under consideration or to remit them to a group of experts.

While difficult problems remain to be resolved, it is encouraging to note that to date a total of 17 articles have been approved for a draft treaty on the discontinuance of nuclear tests. We are confident that with continued good will on both sides the conference will result in a workable agreement. Such agreement could hardly fail to give impetus to the renewal of negotiations on other aspects of disarmament.

In order to facilitate such other negotiations it would be desirable to reactivate the former subcommittee of the disarmament commission of which Canada was a member, or to provide in some other manner acceptable to the powers principally involved for a group of manageable size within the present 82-member disarmament commission. Hon. members will, of course, realize the difficulties involved in reaching any agreement in a commission composed of 82 members. I venture to express the hope that when the conference of foreign ministers of the four powers reconvenes next week it may give some consideration to the question of negotiating machinery within the United Nations.

And now a word about outer space. During May and June the United Nations ad hoc committee on the peaceful uses of outer space held a useful session. The committee was created at the last session of the general assembly in recognition, as the assembly resolution phrased it, of "the common interest of mankind in outer space", and "the common aim that outer space should be used for peaceful purposes only".

Canada was one of 18 members elected to the committee. Unfortunately the Soviet union, in order to demonstrate its disapproval of the composition of the committee, has refused to participate. In this policy it has been followed by Czechoslovakia and Poland. India and the United Arab Republic have also felt unable to attend the sessions of the committee. The Canadian representative expressed this country's hope that at some time in the not too distant future all these countries would feel able to co-operate.

The committee nevertheless proceeded with detailed studies in accordance with its terms of reference. Technical and legal committees were formed to draft components of the report eventually to be made to the general assembly and, as hon. members are no doubt aware, Canada provided the chairman of the technical committee, Dr. Donald Rose of the national research council. The final report of the committee was approved on June 25. In addition to a number of conclusions relating to specific matters, it suggests that the United Nations might establish a committee suitably composed to carry further the investigations which have been begun. I trust that the general assembly will agree that such action is appropriate and that in the future Soviet co-operation will be forthcoming.

Here I should say a few words on the United Nations and radiation. I have already indicated one reason for our concern that the negotiations on nuclear tests should be fruitful; it is that their success might provide a turning point in the armaments race. A further reason is that a definitive agreement would avoid any increase in whatever hazard may be involved in radioactive fall-out. Hon. members will recall that last year the United Nations scientific committee on the effects of atomic radiation produced a valuable report, based upon the data made available to it by governments. Because the methods of collecting data vary from country to country, and because not all governments have instituted programs for the collection, analysis and reporting of appropriate samples, the data available to the committee necessarily was not as comprehensive as it might have been. In the Canadian government's view it is desirable that support be given to the efforts of the committee to enlarge and improve these data.

The next subject to which I should like to refer is the stand-by force. A further issue which received considerable attention at the last session of the general assembly and which may be up for consideration again relates to the many and varied United Nations activities as a peace-keeping organization and the possibilities that these will in turn evolve into more permanent United Nations stand-by arrangements. Canada's strong support for efforts undertaken under United Nations auspices to secure peace and stability in troubled areas of the world is

evidenced by Canadian contributions to, and active participation in, such bodies as the United Nations truce supervisory organization in Palestine, the United Nations military observers group in India and Pakistan, the United Nations emergency force, known as UNEF, and until its disbandment in November, 1958, the United Nations observer group in Lebanon.

UNEF represents the largest and most recent of these operations, and within its terms of reference has achieved notable success. I should like here to pay tribute to those young Canadians who have served in this UNEF force in the faraway deserts. They have been making a great contribution, and they have kept the name of Canada high. Naturally a good deal of attention has been given to the possibility of extending or transforming UNEF into a permanent United Nations police force. Last year's session of the United Nations general assembly requested the United Nations secretary general to study the experience of UNEF for any lessons which might be derived for future United Nations policy.

It is the Canadian government's view that experience has shown that United Nations requirements can involve a wide variety of types of service, designed to meet particular situations in particular areas, none of which may offer an exact precedent for a more permanent type of stand-by force. The Canadian government has emphasized the need for flexibility in our approach to breaches of the peace in view of the complexity and delicacy of the issues presented. During a recent press conference in New York, when the United Nations secretary general was asked whether he visualized a permanent United Nations force along the lines of UNEF, he replied in the negative and used the analogy of a tailor and his cloth in explanation of his position. Mr. Hammarskjöld said:

> We need really to cut the suit to the body . . . more carefully in these various cases of which UNEF is an example than any other cases which are of concern to the United Nations . . . We cannot afford or usefully have a wardrobe sufficiently rich and varied to be able to pick out just the right suit as the situation arises. It is much better to have the cloth and go into action as a good tailor quickly when the need arises.

It would no doubt be agreed that in a world which is far from perfect we should not be dissatisfied if progress is made by a series of small steps. Nevertheless, these various United Nations operations in the interests of restoring and maintaining peace have provided a very useful body of experience out of which it is hoped to evolve more comprehensive machinery for strengthening the forces of peace. I can assure you that all proposals to this end are given the most careful study by the Canadian government.

I would be remiss if I were to omit from this account of United Nations activities reference to a most admirable humanitarian project which members of the United Nations are undertaking this year as a common endeavour. Recently I informed the house of the opening of world refugee year, which formally began in Canada on June 28 with statements on radio and on television by the right hon. Prime Minister. I must say that I have been gratified by the extent of public response to the statement I made at that time, and in particular by the numerous newspaper editorials which have expressed approval of the fact that the government plans to admit a number of tubercular refugee cases into Canada and provide for their treatment.

Arrangements for such a scheme are now under discussion. I am sure the warm hearts of the Canadian people from coast to coast will see that support is given to this plan and any other plans of a similar nature. Not only is the government interested, but there is also a Canadian committee for world refugee year which has already been doing excellent work. World refugee year began as an idea put forward by a group of private British citizens. Since then it has been given international approval by the general assembly as a means of facilitating its own task of permanently solving refugee problems. The government has been participating actively in United Nations refugee programs, and we shall continue to do so.

I have already occupied the time of hon. members too long with this statement, especially when it is my earnest hope that spontaneous and frank discussions on international problems will increasingly become the rule in this house. I really should have been setting an example in that regard this morning. I might mention before I close that I felt free to devote my attention entirely to international affairs rather than to details of the estimates in view of the thorough scrutiny given to the estimates of the department by the standing committee on external affairs earlier in the year.

Once again I invite hon. members to make their suggestions with regard to Canada's foreign policy and I am sure the result will be very beneficial not only to the government but also to parliament and the nation as a whole. My own belief is that Canadian foreign policy should be one that will reflect at all times the common sense and the courage, and above all the character, of the Canadian people. It will be my aim as Secretary of State for External Affairs to do

everything I can to see that Canadian foreign policy will fit that pattern, and I am sure that in this task I shall have great help from all hon. members.

Mr. Martin (Essex East): Mr. Chairman, I wish to assure the Secretary of State for External Affairs at once in answer to his last observation that he will have at all times the co-operation and continuing interest of those of us sitting in this section of the committee with regard to a matter which, as he said at the outset of his remarks, involves questions that are of the greatest concern not only to the people of Canada but to the people of the world.

The minister will not now need to be convinced of the good will which attends his initial statement and the demonstration of that good will that attended the announcement of his appointment by the Prime Minister. The Secretary of State for External Affairs of this country and indeed the foreign minister of any country in the world today occupies certainly one of the most important assignments in government administration. At a time when not only the peace of the world is involved but possibly the preservation of civilization itself, there can be no other assessment made of the responsibility extended to the person charged with the formulation of foreign policy. So the minister may be assured that in a matter of this sort, where fortunately the area of controversy is much more limited than in domestic questions, he will receive from us in full measure co-operation, understanding and collaboration, consistent only with our right of judgment and criticism.

I do not know if it is intended in the course of these estimates for the Prime Minister to give an account of the important exchanges that he had with heads of government and foreign ministers on his tour of Europe and Asia last fall. We had been assured by the Prime Minister that at some juncture in our deliberations this would be done, but we do appreciate the circumstances that have attended the minister's initial statement on foreign affairs in this committee. He asked us for frank discussion and he has extended that invitation with a modesty of his own position in this matter which I may say to him was attractive and only makes one feel all the more kindly disposed toward the minister himself. In a sense he has disarmed us, but because he cautioned us at the end that it was desirable that we should have frank discussions I know he would expect that we would accede at once to this invitation.

I want to suggest to the minister that so important is the portfolio that he occupies that the country and this house will expect —and I know he himself wishes it—the minister to be free of all responsibilities which in any way preclude his giving the fullest time possible to the problems which confront the Secretary of State for External Affairs in Canada at this time. Important as the leadership of the house, the administration of the Department of Public Works and his deputizing for the Prime Minister may be, I am sure the minister will recognize the desirability of his being in a position to devote his full time to the administration of this department and to the consideration of the very grave problems that concern Canada and other nations in the world at this time.

There was a story in a Canadian newspaper the other day which disturbed me. I do not believe for one moment that the minister would in any way subscribe to this story; in fact I may say unhesitatingly that I know he would not. This story appeared in the Sudbury *Daily Star* of June 18, written by the the special correspondent in the Ottawa bureau of the Sudbury *Daily Star*. In this article is attributed to the Prime Minister an opinion expressed in the following language:

> It has been his opinion—and he has made no secret of it—that in external affairs they didn't, as he put it, "do enough to keep themselves warm."
>
> He found he could handle the job on the side atop all his other responsibilities as Prime Minister, head of the government and leader of his party.
>
> And his appointment of Howard Green was made in the nature of arranging for the introduction of a little hard-headed common sense and above all, economy, in the operation of the department.

If there are occasions for economy, of course, they will be warmly supported by those sitting in the opposition, but the suggestion that this particular assignment to external affairs can be performed on top of other heavy obligations, including the task of directing the affairs of the government of Canada, is one with which I must express full disagreement. I am sure the minister in the light of his experience to date will fully concur with me.

This is a department in which the Canadian point of view is desirable as a contributing factor in the easing of international tensions, for the taking of important initiatives which might greatly contribute, as they have done in the past, to the solution of problems which are certainly first in our consideration and on which the resolution of all our domestic problems depends. The Secretary of State for External Affairs must be so disengaged from other responsibilities as to spend all his available working hours in the consideration of the important matters which affect our country and the peace of the world.

It is because I have noticed other indications of this estimate of the work of the Department of External Affairs and the place of foreign policy in a country like Canada that I venture to linger even a little longer on the point I am seeking to make. I have before me a copy of the London *Times* of June 26, 1959 in which, among other things, this is written, talking about the Canadian scene:

> The greatest of the difficulties confronting the new administration has been in the conduct of external affairs. It was no light responsibility for an untried man to take on the work of statesmen of the international reputation of Mr. St. Laurent and Mr. Lester Pearson. It was a heavy blow therefore when the Prime Minister's first choice, Mr. Smith, died in March. The Prime Minister's choice has fallen on one of his closest political friends, Mr. Howard Green. It is widely believed in Canada that his appointment means that the final control of external policy will continue to be vested mainly in the Prime Minister, and that that control has hitherto been procrastinating and indecisive.

I have for the Secretary of State for External Affairs the greatest respect. I believe that the Secretary of State for External Affairs, as he now begins his important functions will, if allowed to, make a contribution that will be in the tradition of his great predecessors. It is because of my earnest desire that this be the case that I feel that at the outset of what I have to say I should mention these things that are being talked about in the corridors, and sometimes being written about in the newspapers, of which I have already given some indication, and urge the minister at this, in the initial proceeding almost of his ministry, to take into account what could flow from the strength of his personality and his well-known talents, complimented by his industry, devotion, and integrity, second to no other man in this house.

Now, we will all readily agree that in these days when world peace is still but an earnest desire and hope, when we realize that in spite of all the efforts made to achieve peace there still exists in Europe, in the Middle East and in Asia the potential spark of a final world war, our foreign policy and the work of the Department of External Affairs must continue to play an important part in the administration of government.

Perhaps the Department of External Affairs more than any other department of government must be centred around the minister in charge of our foreign policy. All the divisions of the department working as a team must channel to the Secretary of State for External Affairs the information for him to study, to analyse, to weigh and to judge world political trends. Only then is he in the best position to recommend to his cabinet colleagues possible solutions to international problems of concern to our country.

But in order to be able to act efficiently in this exacting task his hands must not be tied by parliamentary obligations and duties that could be handed over to others, other than those, of course, that arise from his own department and understandingly his own constituency obligations as a member of parliament. He must be relatively free, of course within the limits of government policy, always sensitive to public opinion and desire, and given the necessary authority to speak on behalf of the government. He must be made to feel that the government has the fullest confidence in his ability, as I want clearly to indicate that I have; not only confidence in his ability but in his judgment, in his wisdom and that his role is not to be merely that of a messenger boy, something which I know the minister would find extremely distasteful.

It is only under those conditions, as I see it, that the Secretary of State for External Affairs can effectively discharge the difficult and delicate task which the Prime Minister has assigned to him. I believe that the present incumbent, my hon. friend, has these necessary qualities which I believe are required of a good secretary of state for external affairs.

Sir Robert Borden and Mr. Mackenzie King, in the tradition of their predecessors, made important contributions in the development of Canadian foreign policy at a time when great changes were being made in Canadian constitutional development. Mr. St. Laurent, as Canada's first full-time secretary of state for external affairs, left an imprint that flowed in part from his alertness and capacity to seize the initiative in needed and worthy situations; and he will long be remembered, of course, for his early suggestions which led to the creation of the North Atlantic Treaty Organization.

All of us in this house and all of our fellow Canadians are only too well aware of the tremendous contribution made by the present Leader of the Opposition in the field of international relations. His contributions, I can say as one who was closely associated with him in much of this work, reflected the freedom, always subject to government policy, which was given to him in his operations, in his consultations with commonwealth governments, with members of the North Atlantic Treaty Organization and particularly at the United Nations.

The Deputy Chairman: Order.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Martin (Essex East): Mr. Chairman, before the adjournment I had mentioned the initiative taken by the present Leader of the Opposition in international affairs. I am sure that his participation in those important events revealed that the boldness and the constructive quality of those initiatives, for which he continues to receive the gratitude of his fellow countrymen and the statesmen and peoples of the world, were the consequence of the freedom of operation accorded him by the prime minister of the day, Mr. St. Laurent; a freedom, of course, that was, as I noted earlier, always subject to the limitations and the requisitions of government policy.

To the present Secretary of State for External Affairs it seems to me that at this critical time in the history of the world there is given an important, delicate and difficult task. It is one, however, not without great opportunity, and that he will want to seize it I have no doubt. He no less than his predecessors is given the opportunity of bringing into play the force of his personality, his qualities of initiative and ingenuity. The absence in his case of undue interference and his freedom from domination could yield, I believe, constructive results in the development of constructive attitudes in Canadian foreign policy. By this I do not mean that he will not want to confer with his colleagues, that he will not want to have a special relationship, understandably, with the Queen's first minister. This goes without saying. But the very nature of diplomatic conversations and negotiations at NATO, in commonwealth matters and at the United Nations in particular demand a freedom of operation within the limits I have described.

My hon. friend takes over these heavy responsibilities at a time when, rightly or wrongly, many feel that the prestige of this country in the field of international diplomacy is not as great as it was two years ago. Whether or not that is the case, one can refer to many expressions of opinion in the newspapers and elsewhere to this effect. I shall refer only to one. I have before me the issue of the Toronto *Globe and Mail* of Saturday, June 27, containing an article written by its United Kingdom correspondent, Mr. George Bain, commenting on an editorial in the New York *Times* to which I have already made reference. The heading of the article, which appears on the first page, is "Canadian Influence Diminishing". The minister will, I know, wish to recover any loss of prestige if that is the case. He will want to make sure that the Canadian government is so constituted at present that it will be able to maintain the high level of contribution made by preceding administrations and particularly during the last decade.

I have, of course, had only a relatively minor role and experience in the conduct of international affairs, certainly not even second to that of my leader. But my experience as a member of the house, as one who attended the league of nations and who has been at many assemblies of the United Nations, is that in the United Nations Canada is afforded a very special opportunity of making useful and constructive suggestions and offering desirable solutions to many complicated problems; and not only in the United Nations but in the commonwealth and at NATO as we well know.

But because we enjoy a reputation for objective assessment in foreign affairs, because we have been looked upon by so many of the smaller powers as well as by most of the big powers as a country with an excellent permanent foreign service, and because we have less occasion for personal aggrandizement than almost any other nation, we have been given a special opportunity sometimes to act as an intermediary taking initiatives that have led to satisfactory solutions in many matters of the greatest import.

I am going to suggest to the Secretary of State for External Affairs, in the light of my limited experience, that one of the things I hope he will be able to do at the outset is not only head the Canadian delegation at the next assembly of the United Nations, but spend as much time at the assembly as possible. I hope there will be no occasion for him to return to Canada simply because of the absence of the Prime Minister or of some other member of the government.

Mr. Pallett: Do you want to get him out of the house?

Mr. Martin (Essex East): I believe that if the former secretary of state for external affairs, now Leader of the Opposition, was able to play such a significant role as leader of the Canadian delegation on so many occasions, it was because he had become known as a great personality at the United Nations; and when the occasion was offered for a special participation by Canada it was possible to entrust to him responsibilities which might not have been entrusted by other nations if he had not been known so well and if his country had not enjoyed, in this particular area of action, such a high reputation.

Canada at the United Nations is, of course, freer than countries like the United States and Great Britain. Even though we have the closest ties with these two nations, we do not have their other responsibilities, in the one case because of colonial possessions and

colonial interests, and in the other case because of the pre-eminent place that the United States, because of her strength, occupies at this critical time in the history of the world. This very freedom gives us a unique opportunity to make the United Nations a more effective instrument, and to use that body for the discussion of problems the full settlement of which sometimes ultimately resides elsewhere.

I hope the Secretary of State for External Affairs will make the United Nations one of his main theatres of activity and use the general assembly, particularly at a time when Canada is a member of the security council and when her responsibilities are even greater than they normally would be. There will be opportunities for Canada to play the role she has played in the past in the evolution of the commonwealth.

The Secretary of State for External Affairs will more and more realize, as I am sure he realizes now, the place the Asian members take in the commonwealth. The important contributions which have been made by Mr. St. Laurent and the present Leader of the Opposition in helping maintain the unity of the commonwealth with the special understanding which they acquired of the problems, purposes and objectives of the Asian commonwealth members must stand as one of the notable contributions during the past decade.

We have taken from time to time through our permanent delegations and our permanent officials, as well as officials at the ministerial level, particularly in the case of the former secretary of state for external affairs, initiatives which have undoubtedly greatly affected the course of events during the past decade. One could mention the circumstances attending the setting up of Israel as a sovereign state under the United Nations, and the part played by Canada in the Korean discussions which led, first of all, to the setting up of the commission on the reconstruction and rehabilitation of Korea, and second the part we played in the terms of armistice which still prevail in that troubled sector.

I suggest further that the contribution made by Canada in connection with the economic and political aspects of NATO gives demonstration of the part smaller and middle powers can play. Mr. Dag Hammarskjold, the secretary general of the United Nations, said prior to his visit to Moscow about two months ago that his experience as secretary general had led him to the conclusion that the contribution made by a member state of that organization was not determined by its position in terms of power, military or financial. He thought a small nation, given proper dedication and wise policy, could play a notable and worthy part in the United Nations. I have a suspicion that when he made that observation he may have been thinking of a country like Canada.

In an earlier debate this session I suggested to my hon. friend's predecessor, before his regrettable death, that there was one area in which I thought Canada could play a useful role, at least of assessment and report. I refer to the Middle East. I acknowledge with satisfaction the setting up of a further mission in the Middle East, the raising of one of our missions to the status of an embassy, and the appointment of a new ambassador to the United Arab Republic. But it seemed to me then, and it seems to me now, that in the face of the developments which have taken place in the Middle East useful consideration could be given by the government to the establishment of a diplomatic mission in Iraq, where British and United States influence is at the present time not what we would like it to be, and where it is certainly not as strong as it was formerly.

I believe if we had a diplomatic mission in Iraq, through a personality capable of assessing developments there, we could make a useful contribution towards greater tranquillity in that turbulent area. It might even be that that kind of venture, associated with our other diplomatic efforts in the Middle East, complementary to the work being carried on particularly by the secretary general, would enable us once again, notwithstanding what are currently great controversies, between Israel and the United Arab Republic, to do what we did in 1952. Then along with some other countries at the United Nations, we took the initiative and called upon the disputants, the United Arab Republic, then Egypt, and Israel to resume discussions pursuant to security council decisions previously arrived at.

In any event, I am sure that if the minister takes advantage of the general assembly to make himself known and to get to know other personalities well, he will find that theatre of activity will give him a special opportunity of playing an increasingly useful role in the discharge of the functions which have now come to him.

I was reading the other day the evaluation of Canada's position among the nations of the world by Donald C. Masters, who, writing of the 1953-55 Canadian diplomatic period, said:

> In evaluating Canada's part in world affairs one must always bear in mind the limited role which circumstances force upon us. Owing to limitations in power Canada cannot be an originator of basic policies in the same sense as are the great powers. Our role has frequently been to act as the executor of basic policies worked out by the great powers as in the cases of Korea, Indo-China and the Paris

pacts of 1954 in regard to Germany and NATO. As an executor of predetermined policies Canada has a good record.

I think that, on the whole, is a fair statement of our position. It is a statement that recognizes that while there are limitations in the formulation of basic policy, there are no limitations in the way those policies, notwithstanding their authorship, are carried out in the interests of the preservation of world peace.

One of those problems now confronts us. The Secretary of State for External Affairs has told us that we are to have in Canada a visit from Mr. Herter, the Secretary of State of the United States. The minister did not expand at length this morning on the position Canada takes with regard to that matter. I assume from what he did say that the position continues to be, in principle, what his predecessor had already indicated in this house was the policy of the government. In any event, it seems to me that we have, with regard to the German and the Berlin problem, not only an opportunity but a responsibility to make our point of view known. While we are not participants in the four power meeting of foreign ministers, we are not denied the opportunity—and certainly this impending visit confirms this statement—of placing our point of view before those who will be more directly concerned.

The Deputy Chairman: Order. I am sorry to advise the hon. member that his time has expired.

Mr. Green: Go ahead.

The Deputy Chairman: Will the committee give unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Martin: I thank the committee for giving me the opportunity of making a few further observations.

This situation in Berlin, which is the immediate problem confronting the nations of the world, is characteristic of the times in which we live. No sooner had the trouble in the Middle East been dampened last year than this was followed by fires in the Far East. Then when the conflagration in the Formosa straits was dying out the problem of Berlin and Germany arose.

This, of course, is the pattern of our times. Soviet union dexterity brings us from one crisis to another in rapid fire succession. However, we have an interest in this problem altogether apart from the fact that, as a nation among the nations of the world, we are interested in the preservation of good relations among states.

[Mr Martin (Essex East).]

Our interest in the Berlin situation has not only this wide political interest. It has as well a juridical or legal basis. First of all, we will all recall that it was in November last that the premier of the Soviet union indicated that the time had come for the western powers to leave Berlin; and on November 27 last he proposed the western withdrawal from West Berlin and the creation of a demilitarized free city. It will also be recalled that he had indicated that a settlement must be reached by May 27. That position was later modified, perhaps as a result of the intervention of Mr. Macmillan who, we all agree, took a wise course in going to Moscow, as he did, in order to make a fact-finding assessment of the Russian position.

But I say that our interest in this problem has a juridical basis as well as arising out of our existence as a sovereign state. It will be recalled that the three powers met in London on October 2, 1954, when they conferred to lay plans for the termination of the occupation of the Federal Republic of Germany and for the incorporation of that state into NATO. It was at this conference that they made this declaration:

> The security and welfare of Berlin and the maintenance of the position of the three powers there are regarded by the three powers as essential elements to the peace of the free world in the present international situation. Accordingly, they will maintain armed forces within the territory of Berlin as long as their responsibilities require it. They therefore reaffirm that they will treat any attack against Berlin from any quarter as an attack upon their forces and themselves.

Canada along with other NATO powers on October 23, 1954 associated itself with this declaration. That Canada as well as the United States and other NATO powers have a stake in the problem of Germany and Berlin flows from this association with this declaration, and also from the obligation incurred under article 6 of the North Atlantic treaty under which an armed attack on the occupation forces in Europe of any party to the treaty constitutes an attack on all parties.

As I indicated a while ago, we approved the decision of the British Prime Minister to go to Moscow, and in so doing I take it that we wanted to assert that initiative of that kind could not be looked upon as an appeasing act. It was doing something which British leaders have done from the time of William Pitt when they have sought to deal with hostile foreign powers. This visit of Mr. Macmillan and further interventions of this sort need not be regarded as appeasement. They mean no more than what they have meant in the past. Certainly this visit on the part of the British Prime Minister did not

mean that the United Kingdom likes Mr. Khrushchev's communist imperialism any more than Englishmen liked Napoleon Bonaparte's revolutionary imperialism. I believe that association or intercourse with those who do not share our ideological objectives is all to the good, and that it is only by conference leading ultimately to adjudication and, let us hope, even conciliation that we can find, in the absence of war, a solution to these vital issues which affect us more than anything else either on the international or the domestic front.

We must not overlook the dangers in the situation. It must not be forgotten that Mr. Khrushchev in his note—I think some time in the month of February—to this government said that any attempt by the western powers to maintain access to West Berlin by force will be opposed by force and will lead to war. These statements must be assessed in the full context of the situation that confront us and in which they have been made. But I think all of us in this chamber will support the attitude taken by the government, certainly in the statement made by my hon. friend's predecessor, that we believe that negotiation even in this extremely difficult matter can lead to settlement.

I for one welcomed the statement made by the Minister of National Defence, when, speaking at the anniversary meeting of NATO, he indicated a possible ultimate role in this situation for the United Nations. This suggestion of a potential role for the United Nations had been referred to in this house in an earlier speech by my leader. It had been referred to, as my hon. friend will recall, much earlier by Mr. Khrushchev and by Mr. Macmillan. The Minister of National Defence, if I properly read his words as delivered in Washington, had suggested a method by which the United Nations might provide a framework for any four power agreement on Berlin. He saw that the basic role of the United Nations might be to verify that all parties were abiding by the terms of the agreement, the essential part of which would be a Soviet pledge by binding itself and its associates to permit full freedom of access to West Berlin and the acceptance of the United Nations presence on the lines of communication.

There are good precedents for the suggestion made by Canada, a suggestion that I hope will be followed up by the Canadian government if whatever kind of settlement is reached lends itself to such further persistency of suggestion. As I say, there are precedents for the use of the United Nations in this kind of role. There is, of course, no complete parallel between many other instrumentalities of the United Nations in this particular situation, but there are similar features of principle that I think serve as a precedent.

The para-military body, the United Nations emergency force with which the Leader of the Opposition, to the everlasting gratitude of the people of the world, had so much to do, is in itself in principle an indication at least of the potential role which in a situation such as that in West Berlin the United Nations might ultimately play. The work of the United Nations observation group in Lebanon is another example of the use of the United Nations in matters that have to do with conflicts either between groups within the same nation or between one nation and another. Certainly the work of the international supervisory organization under General Van Horne operating between Jordan, the United Arab Republic and Israel is an indication of the growing awareness of the usefulness of the United Nations in these situations. Perhaps the most effective and the closest parallel, however, was the formula devised by the secretary general of the United Nations last year when he suggested the idea of a United Nations presence located in the capital of Jordan, as a means to maintain tranquility, which has lasted even longer than its most ardent sponsors at the time thought possible.

So I trust the Canadian government in its studies of the Berlin situation and in the recommendations it will make during the discussions it will have with the Secretary of State of the United States will bear in mind the successful previous usages of the United Nations instrumentality, and will seek to impress upon freedom-loving nations the desirability of noting that in the charter of the United Nations are to be found many of the methods by which some solutions can be made easier and more lasting. I hope that in the matter of Berlin, Canada is using her best offices to make her concern felt and to indicate the result of her consideration as to ways and means by which solutions can be found which will lead to an easing of international tensions and not add to the turbulence which prevails in the world at the present time.

The hon. gentleman covered a wide area, and I naturally do not propose to attempt to do the same, except to say that he will find in the North Atlantic Treaty Organization the same opportunity for constructive statesmanship as I believe he will find at the United Nations. Canada has, of course, the greatest interest in this organization. It was one of our former prime ministers who first in the United Nations gave expression, in 1947, to

the desirability of a defensive alliance of freedom-loving states within the terms of article 51 of the United Nations charter. It was a Canadian government backed by public opinion in Canada that caused demands to be made to expand the purposes and the functions of this organization.

But the hon. gentleman will perhaps want to remember carefully the words which were uttered by the Leader of the Opposition when he spoke on April 14, 1959 taking as his subject "Ten years of NATO", and concluded what he had to say with these words:

> The Atlantic nations are now facing a supreme test of their capacity to unite. If they fail in this, they may find it difficult to prosper and even survive as free nations. This test is the inescapable result of the tragic experiences of the recent past. Success in meeting it is made the more essential by the awful necessities of a thermonuclear future. Can we combine our national strengths, merge our national policies, and submerge our national prejudices to meet this test? If we cannot—or do not—then far more than NATO may be lost in the next ten years.

He was thinking not only of the failure to live up to the terms of article 2; he was thinking not only of the fact that the studies of three foreign ministers in the NATO group had not been implemented. He was thinking too of the stresses and strains that are being placed on this defensive alliance by the unfolding events of our time. Canada is not only a member of NATO; she is a member of that important triangular group of western nations which includes the United States and Great Britain. She is also a member of the commonwealth and as well, a member of the United Nations; and while she will wish in the interests of her own security to preserve the unity of NATO and to preserve the unity of this group of three nations, she will want at the same time to make a contribution to a wider unity, the unity of the world; and the opportunity for doing that will arise at the United Nations.

Not only is our external policy reflected in policy itself, but it is reflected in the permanent personnel of the Department of External Affairs. We can accept the judgment of those outside this country who speak of our public servants in this department in the highest praise. It is, of course, necessary to do everything possible to maintain the morale of those who are employed in this department and, of course, the organization within the department is a matter which the minister may want to look into carefully from time to time. He may want to examine, for example, whether or not the process of rotation of personnel is too rapid, particularly in the light of the loss of certain personnel in recent months. He may want to examine whether or not this acceleration in the process of rotation has resulted in giving to personalities involved less opportunity for acquiring specialized knowledge in certain divisions of the department than they would otherwise have had.

I simply ask the minister to give consideration as to whether or not recent developments do not suggest that quicker rotation of personnel in the department may have resulted in less opportunity for the acquisition of specialized knowledge in certain divisions than we should like to see for instance in the trade division, the Middle East division, the United States-Canada division and, I should think too, the legal division. In any event the minister will find many things to do as he now takes on, free from other obligations, these responsibilities as the spokesman and chief formulator of government foreign policy.

The minister may be convinced, as I said at the beginning, of one thing. He will have the good will of every member of this house, as he has the good will, I am sure, of the great majority of the people of Canada. In this field of international affairs our differences are limited. This does not mean to say that there will not be occasions when we shall find it necessary to take strong issue with him; but as the Prime Minister indicated in his speech before the general assembly in September of 1957, the basic lines of Canadian foreign policy are observed by this as by previous governments.

We are living at a very difficult time. We have not the answer to many of the problems which confront us. We want to see our society remain free; we want to see the democratic way of life persist. We have to take into account the exigencies and the problems which confront us. We have a responsibility, regardless of power and position, to play a full and continuing role in the solution of the great issues which divide mankind.

There is a Canadian point of view. That point of view has been ably and vigorously expressed in the past. The minister's success in this portfolio will depend on his seizing the opportunity that is now his in the face of difficult situations, putting forward the considered judgment of the government of which he is a member, in the hope that an objective approach in these matters will be capable of preserving existing desirable unities and at the same time laying the foundations for a world that will be ruled by law and not by brute force.

In this connection the minister, I hope, will give consideration to what may be done about making the international court of justice a more effective instrument than I believe it is at the present time. In my judgment it is not the effective instrument

it was intended to be. It is certainly not as strong as the international court of justice created under the covenant. The United States now has taken an initiative in this matter. The vice president of the United States, and the President have said that the government of the United States is prepared to give consideration to the elimination of the optional clause and to recognizing the compulsory jurisdiction of the court. I would think that Canada, in spite of the difficulties arising because of the constitution of the court and because of the difficulties involved in matters of domestic jurisdiction under article 2(7) of the charter of the United Nations could, like the United States, give a lead in this matter.

The peace of the world is the most important consideration before all of us. That being the case the policy of the government of Canada in its relations with other states is the most important of any of the responsibilities of government. It is because of the tremendous responsibility involved that I sincerely trust that the minister will understand the spirit in which I have expressed some criticism and given some indication of my confidence that he approaches his task only with the desire to continue seeing to it that Canada makes worthy contributions to the preservation of peace.

Our contributions are not made for the purpose of increasing our prestige, but prestige and worthy contributions can go side by side. The result will be enhancement for this nation as well as the realization of a contribution made toward the solution of the great problem of our time, the preservation of peace among the nations.

Mr. Herridge: Mr. Chairman, I listened this morning very attentively to the comprehensive speech made by the Secretary of State for External Affairs, and I intend to comment upon it later at various points in my remarks. I must explain, however, that I am going to do something this afternoon that I very much dislike doing, and that is rely on extensive notes. The reason I do this is that I want to have the opportunity in the time permitted me to deal with a number of subjects in this very important and wide field, and at the same time present the policy of this group on several aspects of external affairs.

The minister has assumed office, as was stated by the previous speaker, with the good will and best wishes of all hon. members of this committee, at a most critical and interesting time in international and Canadian affairs. I say that because we are on a balanced wheel where so little could mean so much in either direction. I would term this the period of the hush before the dawn or, if we fail to act with common sense, before the gloom.

Let me assure the minister before I proceed with my remarks that in this debate and on this question we seek no party advantage in this group but advance our policies, ideas, suggestions and opinions as a contribution to the common pool of our thought in an effort to do our part in establishing and maintaining world peace and stability.

I was very interested to note that the minister observed that Canadians are interested in foreign affairs and in the part that Canada will play toward developing world co-operation, or words to that effect. How true. I think Canadians generally are becoming more and more interested in foreign affairs because of their realization of the vital importance of the decisions that have to be made in certain fields in the near future by the major nations.

I noticed that shortly after that the minister invited suggestions and opinions. I was pleased to hear him do that, because as I said previously the minister enters office with the good will and best wishes of all hon. members of this committee. But as the hon. member who has just taken his seat said, when speaking for the official opposition—I always have to be so careful when I deal with them. You know, they are a little jealous of this little group at this end; they want to re-emphasize their importance. But I think I got it right that time. We will no doubt differ with respect to policies put forward in certain fields, but whether we agree or differ we are giving our honest opinions and putting forward honest suggestions and ideas as the result of thought on both sides of the committee, to the end that we seek a common objective and common goal.

During recent months Canada in our opinion has lost some of its former and close contacts in the field of international affairs, and unfortunately, to some extent, because of the death of the minister's predecessor which we all regret. We all miss him at this time. But this lapse in having an active secretary of state for external affairs has caused some loss of contact with the United Nations and with other capitals of the world. This will give the minister a somewhat strenuous time in the months ahead in his attempts to overcome the handicap in this regard under which he starts his new duties.

In supporting that point of view I want to quote an editorial from the *Globe and Mail* of Thursday, May 14, 1959 entitled "Defence and Sovereignty" to indicate the need for Canada to speak with a stronger voice and resume its former close contacts with the

United Nations and with various countries and capitals of the world. This is what this editorial has to say:

> Today, as never before, the world's eyes are upon Canada. In part, this is because of her progress and prosperity; in part, because of the reputation she has gained as a free and fair-minded middle power, respected by most nations, feared by none.

I want to pause at this stage to pay a tribute to the present Leader of the Opposition, who was for a long time secretary of state for external affairs. There is no question but that hon. gentleman made a great contribution toward the maintenance of world peace and recognition of Canada's status abroad. I continue:

> From this, Canadians may take satisfaction. But there is another, more subtle reason why the world watches Canada; it judges us in order to judge the United States.
>
> The world sees Canada working very closely with the United States. It measures the integrity of the United States by the extent to which Canada, in this situation, retains her own integrity. Assuming the United States wishes to keep and strengthen its position as leader of the western nations, it must govern its relationship with Canada so that Canada not only is, but gives every evidence of being, independent.
>
> This is essential to Canada's world status, as well. If we wish to keep and strengthen our own unique position among the nations, we must constantly demonstrate our political sovereignty, our economic sovereignty—

This is the task that faces the new minister at the present time. This has been the spearhead, as it were, of this most important department for some months.

Then the *Globe and Mail* again, of Saturday, May 16 of this year:

> It is just as essential to Ottawa's international status as it is to Washington's that Canada should not only be, but in all matters should appear to be, fully autonomous. To become a much respected middle power, this country had to gain its independence from Britain. To stay a much respected middle power, we must regain our independence from the United States.

This is an editorial in a paper that generally supports the party in power.

In our opinion the minister will require to spend considerable time at the United Nations, in the various capitals of the world and in other places in order to restore the personal contact which is so important for a person in his office. I might say, Mr. Chairman, he has to take advantage of every opportunity to win and influence friends. I will say this before leaving the subject. If the minister is as successful in the international field in winning and influencing friends as he has been in this house in the last 22 years, then our foreign policy will proceed with great success.

There is no necessity to speak at length with respect to the meetings of the standing committee on external affairs, Mr. Chairman

The committee held 10 meetings and dealt very thoroughly in detail with the estimates of the department. I must say at this time that the meetings of the committee and its proceedings were necessarily restricted and pervaded with a great sense of loss by the untimely death of the former secretary of state for external affairs, Dr. Sidney E. Smith. I should also say at this time how much the committee regretted the passing of Mr. W. D. Matthews, the assistant under secretary of state for external affairs, both of whom the committee in its deliberations found of great assistance.

I might say a word or two about the personnel of the department. You get a good idea of the quality of the staff of a department, Mr. Chairman, when you have had experience on a committee over a number of years, when the members of that staff representing its various branches come before the committee to give their explanations with respect to expenditures and forms of administration, give the reasons for this and that. I might say in passing that the minister himself has not been at all backward in digging into these matters during years past as a member of the standing committee on external affairs. As I said before, we get a good idea of the quality of the staff. There is no question about it, in my opinion after a number of years' experience on this committee, but that Canada is very fortunate in the quality of the staff who are administering the Department of External Affairs.

I will have some reference to make to the minister's remarks later, but I wish to take this opportunity to advance the views of this group on this important subject in several aspects. From this point on I shall be dealing with the C.C.F. policy with respect to certain aspects of foreign affairs. Naturally I can only cover the major points in which we are interested. No doubt there will be some other aspects of foreign affairs on which our point of view will be covered by other members of this group later on in this debate.

First we believe that Canada should maintain an independent, co-operative and constructive foreign policy of her own. We ought not, as has been too often the case in the past, simply to reflect the views of our southern neighbour, the United States. Certainly we in the C.C.F. are prepared, as I believe all Canadians are prepared, to work in close co-operation with the United States. We ought to make it perfectly clear that we have a mind of our own and certain ideas of our own which we think can be constructive international councils. We believe that the Canadian representatives at the United Nations ought to speak up more vigorously than often has been the case in the past for

constructive approaches to all these problems, even though those approaches may not always be appreciated by our United States friends.

Second, the fundamental tenet of our approach to international affairs is that we must expand and encourage the development of the United Nations. We know that the United Nations has had many failures, but we believe, too, that there are undreamed of possibilities for promoting international peace through the agencies of the United Nations, the constructive work of which is not recognized in many quarters. We hope, for example, that if the specific tensions can be eased the United Nations can eventually develop a world police force which will be responsible for maintaining the peace in critical areas. We have given a good lead in that direction with respect to the Middle East in the way of observer corps and things of that sort. We of this group hope that will be the development with respect to military forces of the future, used finally, we hope, purely to police the unruly people of the world.

We believe that the United Nations offers tremendous possibilities as a focus in channelling economic aid. Indeed, we dare to hope that one day the United Nations may become an effective world government, although we recognize that is some distance in the future. Perhaps these things seem visionary in a world of conflict such as ours. If we are to have a permanent and lasting peace, we in this group firmly believe that we must move consciously in those directions.

A third and an important point in our basic policy is that at all times we must be prepared to sit down and negotiate outstanding issues. Sabre rattling solves nothing; still less will atomic war solve anything. I was very pleased, in listening to the minister's remarks this morning, to hear his comments with respect to the need for patience and continued negotiations. I like his mood, his attitude and his frame of mind in that respect. It was interesting to hear the minister say that war is unthinkable. Apparently all of us in this house agree on these basic points at this time. What is required is a convinced determination to negotiate specific issues, such as Germany, in the hope that by solving one aspect of the problem trust will be engendered for tackling other aspects. The minister in talking about this problem of patience and negotiation, mentioned the hope that the summit meeting would be resumed and that all those meetings tend to work for a reduction of world tensions. I liked that very much indeed in his approach to these negotiations.

My fourth basic point, and undoubtedly the most important of all, is this. We in this group believe that the future of the western world as we know it, and indeed the future of the world itself, will hinge not so much on military might but on what we do to promote the economic and democratic development of those nations in the world which have come to be known as underdeveloped. Not only must we develop trade policies which will enable the western nations to compete with the Soviet union, but we must develop a much bolder and more imaginative policy with respect to promoting economic development in other areas of the world.

Now here is perhaps the most crucial point in the whole approach of the C.C.F. to the question of international affairs. We in the C.C.F. are democratic socialists, and if this party ever fails to be socialist I say right now that I shall be out of it, and quickly. We reject communism and the theories of communism. But we know too that our system of economics, known as capitalism, is also incompetent to deal with basic world problems.

Look at some of the contradictions that we have in the world today. You cannot blame them on individuals. They are the result of world revolution, historical development and so on. How can we expect the development of oil in the Middle East in the interests of the Arab people when we tolerate its exploitation by a few giant monopolies? How can we promote economic development throughout the world if we are prepared to tolerate an economy at home which operates away below capacity and during certain periods tolerates large scale unemployment? How can we expect people in other parts of the world to understand and believe in our democracy if we have great surpluses of food while there are people starving in other parts of the world? I am confident that by accepting our responsibilities in all these fields we will not only be helping these people of whom I have been speaking but we will be helping ourselves.

In that respect the committee on external affairs studied some aspects of international aid, particularly the Colombo plan, technical assistance and the refugee problem. I was very glad to hear the minister mention increased assistance to commonwealth countries under the Colombo plan and technical and similar assistance to the other countries he mentioned. These are continued steps in the right direction and I judge that the government, before making this decision, read the final report of the committee on external affairs because in that report the interest of the committee in this most important question is clearly indicated. We in this group simply say: Take every advantage of, shall I say, our favoured position in the world

today to do more and more to assist these underdeveloped countries and in doing so assist ourselves.

We in the C.C.F. group urge the government to take advantage of every opportunity to strengthen the ties within the commonwealth and in doing so strengthen the spokes of this great balance wheel in international affairs. When the minister was speaking on the question of the commonwealth this morning I noticed that he said: "The commonwealth is foremost in our minds; it is a beneficial influence on the affairs of mankind." If that is the minister's opinion, and I know it is, we in this group stand together with the minister on his approach to developing closer ties within the commonwealth and strengthening the commonwealth because of its influence on the affairs of mankind. We wish him well in all he does in that respect.

I want to say a few words about European affairs, and I refer to western Europe. You know, Mr. Chairman, I have had the feeling at times when I glance up to the right that there are some pained expressions on some of the gentlemen's faces but I hope they will bear with me a little longer. In our opinion, first consideration should be given to a plan whereby troops would be withdrawn from an area in central Europe. This area should include not only East and West Germany but Poland, Czechoslovakia and Hungary as well. In brief, we believe there are great possibilities in what is known as the Rapacki plan and that its possibilities should be explored more and more in the days ahead. We believe there should be a belt through the centre of Europe which could be neutralized and demilitarized. We believe that this sort of neutral belt running through what we term the crisis area of Europe would make a real contribution toward the easing of tension in that important part of the world.

Our second proposal is that the western powers should be prepared to consider the creation of a loose federation of the governments of East and West Germany as a first step toward the holding of free elections throughout all Germany. In our opinion this could be a step toward breaking the deadlock which has been created by the west's insistence on free elections as a first step and the Russian determination to resist free elections. We offer these suggestions, Mr. Chairman, after much consideration of this very serious and delicate problem.

As I have said, we welcome the indications of a more flexible attitude on the part of both the west and the Soviet union. Regardless of, shall I say, the hubbub that has gone on, I think we must welcome the fact that the talks have continued and that there has been even a minor degree of give and take on both sides, which I think is a hopeful state of affairs from which to view the future. We believe that the western powers could be still more vigorous in making specific proposals. It is through our grasping the initiative that there is the best possibility of our being in a strong position when we come to the negotiating table.

Here I wish to refer to the tribute the minister paid to the Prime Minister of Great Britain, Right Hon. Mr. Macmillan. We want to join in that tribute. I think that in the recent negotiations and developments with respect to East and West Germany and western Europe he has given a most stable and commendable lead and has shown exceptional balance which has had a tremendous influence on the discussions at Geneva concerning this difficult problem. This is indicated, I think by the difference in attitude toward this conference between the Prime Minister of Great Britain and the secretary of state of the United States in their published comments with respect to the success or lack of success, whichever viewpoint they took, in connection with this most important conference of foreign ministers in Geneva. In that connection I want to read briefly from an editorial in the *Globe and Mail* of Friday, July 3. It is entitled, "Fruits of Negotiation", and quotes Mr. Macmillan as follows:

> I feel this prize is worth waiting and working for, because it is the biggest of all.

I think these are very wise words indeed. It is easy enough to show impatience and have quick cuts to success and quick remedies for the disease of world instability, but I think those are very wise words indeed. "I feel this prize is worth waiting and working for, because it is the biggest of all."

I want to say a few words with respect to China. I have listened with interest to what the minister had to say. I understand that there is no change in the government's policy with respect to China since the statement made earlier this session by Dr. Sidney Smith. We fully appreciate the difficulties mentioned by the minister. I must say that the government of China does not make it any easier for the government to consider recognition. We quite understand that, particularly in view of the recent happenings in Tibet. But we who come from British Columbia realize that we now have a minister who comes from British Columbia and no doubt on that account he fully appreciates the opinion of a great number of important people in that province in industry, labour and agriculture with respect to the need for recognition of China.

Our policy in favour of the recognition of the communist government of China has

always been very clear. We believe now that the soundness of our position in this regard is all the more obvious. Many prominent Canadians, including industrial leaders and bankers, have visited China and all have come back with the conviction that the recognition of China and her admittance into the United Nations would be in the interests of world peace.

To us the case for recognizing Red China has always seemed an obvious one. No one, to our knowledge, has ever argued that recognition implies agreement with a government's policy. It simply means recognition of the existence of the effective government of that country and willingness to live together in the same world.

We must all realize that China is a developing industrial power—we are getting more evidence of that day after day—and that she is going to be a force in future world politics whether or not we like it. Surely it makes sense for us to recognize her and extend our trade with her, and to be prepared to discuss with her, through the United Nations, the issues over which she will have increasing influence. There is no doubt that that influence is going to increase.

Before leaving this topic we do urge the minister to give further consideration to this problem of the recognition of China, in the interests of world peace as a whole, in the interests of Canadians generally, and particularly in the interest of the province from which the minister comes.

I want now to refer to another vitally important area of the world, the Middle East. I am hurrying along because of the time and the vastness of this subject. During the last century the policies of the western nations in the Middle East cannot have been said to have been very honourable, and I think that is an understatement. We have dealt with the whole area in typical imperialist fashion. We cannot blame certain individuals for a particular period in history. We have allowed giant private oil monopolies to exploit the region and make tremendous profits at the expense of the local inhabitants. They continue to do this and to control and dominate their governments. This control by oil companies is the seed of all the unrest in the Middle East, and any form of democratic expression is virtually impossible. The policies of the Soviet union in the area in recent years have been no better. They have looked upon the countries of the Middle East as pawns in their game of international power politics. The unfortunate thing is that we in the west have responded on a number of occasions in much the same fashion.

This is a question beyond the capacity of Canada to solve. It is a very wide question which will only be solved as the result of the development of the lessening of tensions and a more constructive view of international problems on the part of a good many nations in the world. We in the C.C.F. advance the suggestion I am going to make as one end to which we could work, and we are convinced that as long as oil reserves and the vast natural resources of the Middle East remain in the hands of a few giant monopolies in western countries we will not have settled peace in the Middle East, and the people of those countries will not have the standard of living they are entitled to with the resources they enjoy. We believe that it is time to take a bold and courageously new approach to the Middle Eastern situation.

The key to our proposal is this, that the Arab people should be assisted, through the United Nations, to take over for themselves the ownership and control of their oil resources. I realize that the minister will say that that is a big order and cannot be done overnight. But it can be done little by little, giving these people a larger share of the wealth which is being exported from their country at the present time. We believe that through the good offices of the United Nations this could be done in a peaceful and orderly way over a period of time. The best method might be the establishment of an international Middle East development commission, which would be responsible not only for transferring the oil rights but which would also assist in the whole economic development of the area. What we have to work for is to give these people in the Middle East countries increasing control over their own natural resources, which in the first instance is oil.

If the western powers would take this type of imaginative approach we believe that many benefits could ensue. For one thing, it would wrest the initiative from the Soviet government and would reduce tension between east and west in so doing. It would help to offset the deep-rooted anti-western and anti-imperialist attitude which has made every past move on the part of western nations suspect among large sections of the Arab people. It would encourage Middle Eastern nations to develop along democratic lines and give them heart to throw out some of their despotic totalitarian rulers. We have countries in the Middle East where the great majority of the people live in poverty still, and a very small ruling class live in the lap of luxury, or I will say super luxury. Most important of all, it would raise the living standards of the Arab people and could lead to the transformation of Arab nationalism into a constructive world force for peace.

We are urging the government to give consideration to these proposals. As the last speaker on behalf of the opposition said, Canada can continue to play the role it is playing at the present time in the provision of UNEF, supplying the services of its countrymen to preserve peace in that area, and to act as an observer corps. It can also act in the assessment and the reporting of the situation in the Middle East, in counselling, advising and using its influence toward peace in the area.

Before concluding, I want to say a few words with respect to the use of nuclear weapons and nuclear warfare. The minister said in his speech this morning that the Canadian people are interested in foreign affairs, and I think that increased numbers of the people are very concerned about developing a policy which will work toward building world peace. As far as Canada is concerned, I think that most of the religious bodies have made strong representations in this respect. I know the Anglican church, of which I am a member, and the United church have passed resolutions, both at the national level and the diocesan or regional level. I have a cutting from the Ottawa *Journal* of Thursday, July 2 last where the pope warns "Peace or Destruction; first encyclical appeals to leaders 'Try every approach' ". Then I have another clipping from the *Globe and Mail* of May 16 last where Rabbi Abraham Feinberg suggests that a congress of all faiths could help prevent the drift toward war. In the report of his speech, I read this statement by the Rabbi, Abraham Feinberg:

> I believe that religion has a call to leadership, to make science the servant of man rather than of homicide—

I think they are very forceful and well expressed words. I mention these statements made on behalf of churches and religious leaders to show the tremendous support the government has for all it does in working toward the maintenance of world peace. It has support not only from our religious leaders but also from our scientists. I want to quote briefly from an article in the *Gazette* of Wednesday, June 3, 1959 reporting some remarks of Dr. O. M. Solandt, who I think at one time was chief of our defence research board. The article is headed, "Mankind Must Alter Behaviour", and it goes on:

> Dr. O. M. Solandt, vice president in charge of research and development of the Canadian National Railways, said yesterday that a global nuclear war "would certainly be the end of our present civilization and could conceivably wipe out the human race as we know it."
>
> Dr. Solandt, former head of Canada's defence research board, told a meeting of the Quebec Heart Foundation at the Queen Elizabeth hotel that "both sides could deliver crippling blows in spite of the advantage of surprise that would go to the aggressor."
>
> In a strong plea for more emphasis on changing mankind's behaviour than on improving his knowledge of the physical sciences, Dr. Solandt said: "This generation is faced with a problem unique in human history. If we are to ensure the survival of our civilization we must try to ensure that our children do not behave the way we behaved."

Then he goes on to stress the need for every effort to be made to develop world peace. I am certain that the government, in view of public opinion generally in the country, has the opportunity to provide leadership of the most fruitful kind, and to speak up for Canada in this respect. I refer particularly, of course, to the field of disarmament and nuclear weapons and weapon testing. It should not be necessary for me to tell the house more of the dreadful effects that a nuclear war would have on the whole of mankind; we are all well aware of the physical devastation which would result. We are slowly coming to realize more clearly the horrible dangers from radiation which would profoundly affect all life everywhere on this planet of ours, following upon such a holocaust. The very thought should be sufficient to cause all nations to cease this hideous arms race as regards nuclear weapons.

As we informed the house at this time last week, we shall do everything in our power to convince the government of the utter futility, the horrible folly, of allowing ourselves to contribute toward this mad race —I refer to the nuclear arms race—which, in the end can only culminate in suicidal destruction for all living creatures. I shall not pursue this particular point further. However, I should like to draw the attention of the minister and of the committee to an article entitled "A Primer on Fallout", which appears in the latest copy—July 9—of the *Reporter* magazine, and which I feel strongly all hon. members should read. It is written by people who know. It seems to be a most objective and factual account of nuclear fallout and of the dangers from nuclear radiation.

Mr. Chairman, I have listened with interest to the minister's comments on the disarmament subcommittee. I hope that the committee will be reconvened and will continue to function. We wish him well in everything he does in his high office to prod that committee into meeting and to prod it into action. As long as the committees are meeting and people are talking and negotiating, I think this indicates that we are getting somewhere.

I understand the disarmament subcommittee of the United Nations, on which Canada is

one of five members, has not met since September, 1957. From the minister's comments of this morning with respect to this committee I know he will do all he can and will use his influence to get the committee meeting again and discussing this most important question in the hope of making some progress in the near future. It must be remembered that much has happened during the intervening period since the committee met. For one thing the meeting of experts held in Geneva last year issued a promising report on the technical aspects of nuclear detection and control. There has been some technical advance since the committee last met. Mr. Chairman, you must excuse me, but I lost my teeth owing to war disabilities and have false teeth which bobble around, and I am having a great deal of trouble this afternoon. I hope you will forgive me for that fact.

As I was saying, for one thing the meeting of experts held in Geneva last year issued a promising report on the technical aspects of nuclear detection and control which may be of some assistance to the subcommittee should they decide to meet. But they must meet and talk and discuss. This is what we feel the minister should initiate, promote and continue to work for, in view of the privileged position Canada still has as a member of that subcommittee. Fortunately we are a member of that subcommittee. Perhaps as the minister becomes better acquainted with the problems of disarmament —and there is no doubt that the minister will be learning from day to day—he will be in a stronger position to bring influence to bear on the cabinet in order that they review what must be, from our point of view, a panic decision to introduce nuclear weapons into Canada. He should do this from the conviction that it will have adverse affects on Canada's ability to assume a leading role which should be hers on the disarmament subcommittee in particular, generally in the United Nations and thus in the world at large. We urge the minister to use his good offices in that respect to the limit.

The government must act and be sustained on the basis of humanitarian principles, particularly in this most important and serious matter. Only then will the government be able to surmount the hurdles which these intricate and complex problems erect on the course toward action to peace.

Mr. MacRae: Mr. Chairman, the Atlantic congress of the NATO parliamentary association was held in London, England from June 5 to 10 of this year. I had the privilege of acting as the honorary general secretary of the Canadian delegation, and I am very happy to report to the committee at this time on Canada's part at this important gathering.

As early as 1957 plans were proposed that in 1959, the tenth anniversary year of the treaty, there should be a general congress composed of parliamentarians and distinguished citizens from the nations of NATO. The whole purpose and theme of the congress was to bring together the most distinguished and able citizens representative of the principal aspects of the NATO countries—politics, industry, commerce, finance, labour, education, mass media et cetera—to consider ways and means of developing closer co-operation between North American and European members of NATO in the fields of political, economic and cultural as well as military affairs.

In brief, the congress was to provide an opportunity of examining, on the one hand, the record of the NATO countries as members of an alliance and the prospects of their development into partners in a community and, on the other hand, the problems of relations between the NATO countries and the free and uncommitted world, and relations between the NATO countries and the communist bloc. The congress brought together 650 delegates from 15 nations of the alliance, the delegations ranging in numbers from 130 from the United States to 10 from Luxembourg.

I should like to take a few moments of the time of the committee to discuss Canada's delegation. Headed by the hon. member for Saskatoon, Canada's delegation totalled 56 and included 18 members from the 3 parties in the House of Commons; 3 members from the other place, namely the hon. senator from Ottawa West and the hon. senator from Lumsden, plus the hon. senator from Lunenburg who was one of the co-founders of the NATO parliamentary association and is now the honorary life president of that body. Then we had 36 distinguished Canadian citizens from all walks of life:—from the church, industry, the universities, the professions, the arts and sciences, labour and so on.

It was unfortunate that the secretary-treasurer of the Canadian NATO parliamentary association, who is also the second clerk assistant of this House of Commons, was not able to accompany us. This gentleman had rendered yeoman service in the organization of the Canadian delegation and his knowledge and experience would have been of inestimable value to us. Naturally, he could not leave while the house was in session. For six months prior to our going to England, the head of the delegation and other officers of the Canadian association worked to complete the organization which was so necessary if we were to do the job as we should.

I should like to say a word at this point about the international officers of the congress supplied by Canada. The hon. member for Brandon-Souris was chairman of the very important political committee, one of the five major committees of the congress; the hon. member for Quebec-Montmorency was rapporteur of sub-committee D-3—common economic policies of the west; Mr. L. Dana Wilgress was chairman of the subcommittee A-3—Atlantic institute; and Dr. Northrop Frye, the principal of Victoria College, was general rapporteur of the declarations committee.

The writing of papers on the subjects to be discussed at the congress was one activity in which Canada also played its full part. No less than eight papers were written by Canadians. Especially fine ones were contributed by the head of our delegation, the hon. member for Saskatoon; by the senator from Ottawa West; by Mr. Edward Nelson, the president of the united farmers of Alberta and others.

The work of the congress was divided into five major committees. These committees were as follows. The spiritual and cultural committee which was divided into 3 subcommittees; 1. moral and spiritual values of the Atlantic community; 2. information and education program; and 3. Atlantic institute. The political committee chaired, as I said earlier, by the hon. member for Brandon-Souris having as its subcommittees: 1. co-ordination of policies and settlement of disputes; 2. Atlantic institutions; and 3. military questions. The economic committee with its sub-committees: 1. resources and underdeveloped areas in the Atlantic countries; 2. scientific and technical co-operation; 3. implications of western European economic integration; 4. freedom of trade and problems of exchange and stability. The free world committee with its sub-committees: 1. conflict and community of interests; 2. common political policies of the west; 3. common economic policies of the west. The communist bloc committee with its sub-committees; 1. political policies; 2. economic policies; 3. soviet and western propaganda techniques. There was also, of course, the declarations committee whose report I plan later to read into the minutes of this session.

The congress was officially opened by Her Majesty Queen Elizabeth II in the Great Westminster Hall beside the abbey. Plenary sessions were held, as I have mentioned, in Church House. I feel that hon. members of this house would be interested in knowing that it was the policy of the head of our delegation, and encouraged by the parliamentary members, that the non-parliamentarians be given every opportunity to express their opinions and to make the greatest contribution possible. While, of course, our delegation had no official status and we were not speaking for our government, there seemed to be a high degree of unanimity in the Canadian delegation.

The final result of the deliberation of all the subcommittees and the five major committees was brought together in the declaration of aims. Here our own Dr. Northrop Frye played a vital role as the general rapporteur of that committee, and I would like to read his report as it was prepared and accepted by the congress:

Principles

Six major principles have guided this congress.

1. The NATO military alliance has, in its first ten years, preserved the peace of Europe, although the threat of aggression is still present.

2. Great changes have taken place in this decade that make essential increased co-operation among Atlantic nations in all fields.

3. No military alliance can endure unless supported by close political and economic co-operation.

4. The time is ripe for these nations to build an Atlantic community with responsibilities extending to military, political, economic, social and scientific fields.

5. The Atlantic nations are interdependent with the other nations of the free world. All these nations want peace and the preservation of their own conception of life. All have a common interest in the development of economic activity and social improvement throughout the world; all people have a common stake and status in a free world.

6. The Atlantic community has a duty to help less developed countries to help themselves.

Proposals

In order to apply these principles, the congress has passed a number of important resolutions, attention being drawn particularly to the following:

Political

1. That there should be increased consultation and co-operation among member states. Consultation should become a habit, not an occasional exercise.

2. That there should be broader and more frequent consultation among parliamentarians of the Atlantic countries, and that the governments should convene a special conference of leading citizens to examine exhaustively means of attaining greater unity, as recommended by the third NATO parliamentarians' conference.

3. That national governments should not take major decisions affecting NATO unity without previous consultation.

4. That the report of the "Three Wise Men" should be more fully implemented.

Military

1. That the forces forming the European shield should be brought as soon as possible up to the minimum strength laid down in the agreed strategic concept of NATO.

2. That the governments should give continual attention to improving the military structure of NATO, and in particular should foster increasing interdependence throughout the military field.

Economic

1. That governments should promote the maximum economic growth in production, employment

and living standards and should avoid restrictive economic measures, take all feasible actions to reduce tariff barriers and maintain monetary stability; and, in view of the services rendered by OEEC and EEC and those one might expect from any other form of effective multilateral association, they should work especially for an increase of the benefits of closer economic integration.

2. That consideration be given to the possibility of transforming OEEC into an OAEC in which all Atlantic countries would hold full membership.

3. That the Atlantic countries should undertake a massive and sustained effort to help the peoples of the less developed countries to achieve a rising standard of living together with individual freedom, human dignity and democratic institutions; in this effort we must act not as outside patrons but as equal partners with them in a joint enterprise of freedom.

Cultural

1. That effective counter measures be taken by NATO countries to combat Soviet ideological warfare and that there be set up an international unofficial free nations organization for the dissemination of information to this end.

2. That a "Studies Centre for the Atlantic Community" be set up, to serve as a clearing house and intellectual focus.

3. That there should be further integration of scientific research and in particular of pure research.

4. That informational and educational activities should be strengthened and broadened in order to bring the significance of the Atlantic community with its spiritual and moral content more deeply into the hearts and minds of the peoples of the world.

A number of very fine articles and reports have been written about the congress. I would commend to those who are interested the Senate *Hansard* of July 2, page 948, in which the hon. senator from Ottawa West reports to his colleagues, and an article in the July issue of the *United Church Observer* written by its editor, the Rev. A. C. Forrest. Mr. Forrest was one of the five Canadian churchmen in the Canadian group. I would like to quote a paragraph from Mr. Forrest's article:

We were impressed—and grateful, too—that four of the positive proposals adopted by the congress had been initiated by Canadians. Prime Minister Diefenbaker's 1957 suggestion for a NATO food bank was helped through congress by Walter Dinsdale chairman of the political committee. Much of what the Prime Minister has been asking for in a "Freedom Creed" was included in Principal Frye's Declaration.

The creation of an Atlantic Studies Centre had been proposed by Mr. Dana Wilgress. And delegation chairman, Henry Frank Jones saw his proposal that the flow of private capital from Atlantic nations to less developed countries be encouraged in several ways, including tax concessions, adopted enthusiastically.

I would like to say a few words about the hospitality which was shown to us by the people of Britain. Those of us who had been there during the war knew how kind, how generous the people of the British isles can be. Official receptions were given by the Lord Mayor of London, by the Speaker of the House of Commons and by others. The people of Britain opened their homes and their hearts to us.

I feel sure I am expressing the feelings of the whole delegation when I refer to the kindness that was shown to us and the service rendered to us by the Hon. George Drew and his staff at Canada House. Also the staffs at the various provincial houses in London were most helpful, especially Mr. Jamer and his staff at the Canadian Atlantic provinces office, Mr. Spry at Saskatchewan House, and others.

Mr. Chairman, I would like to take this opportunity to congratulate the Secretary of State for External Affairs on his appointment to that most important portfolio. The announcement of this appointment was made, incidentally, while the Atlantic congress was in session. His long record of service to this house, his sound judgment, his common sense and his proven ability to master difficult tasks have so equipped him that he will undoubtedly fill this important portfolio with distinction and will further enhance the position of Canada in the eyes of the world.

Canada enjoys a unique position in world affairs. Perhaps unique is not the word. A high and a respected position would be a better way of expressing it. This has come about because of our contribution to the cause of freedom in the world wars of this century and because of the contribution of able, dedicated Canadians who have done so much to maintain peace in our world.

I believe too, Mr. Chairman, that in the years ahead, under the distinguished leadership of our Prime Minister and his able colleagues in this government, Canada will continue her phenomenal development. She will take and hold her place as one of the greatest of the nations of our world.

(Translation):

Mr. Asselin: Mr. Chairman, recently I too had the privilege of attending the NATO congress in London, on June 3 last, and I would like to take a few minutes to tell the house the few personal impressions that I have kept from that meeting.

That congress of the nations which are grouped in the Atlantic community was held for the purpose, in my opinion, of reviewing the whole concept of NATO since its creation in 1949.

To achieve that purpose, the congress acted on six basic principles which, while summing up the action of NATO since its foundation, could also provide the organization with the necessary leadership to fulfil the objectives arising out of present requirements and in this way, adequately meet the views of member nations in the military, economic, political, social and scientific fields.

It is impossible for me, in the short time I have at my disposal, to comment on all the resolutions adopted by the congress, following the discussion of the principles I have mentioned. However, I would like to indicate the work and the important findings of the committee whose duty it was to make recommendations to the general assembly on matters of spiritual and cultural concern.

Following the committee's suggestions, the congress adopted the four following points:

1. That the member states of NATO take efficient counter measures in order to fight against the Soviet ideological war, and that a formal international organization of free nations be established for the distribution of information towards that end.

2. That it would be advisable to create a study centre of the Atlantic community to serve as information bureau and intellectual centre.

3. That there should be greater integration of scientific research and particularly, of pure research.

4. That it is advisable to strengthen and to expand the forms of action in the field of information and education, in order to impress more deeply in the minds and the hearts of the nations the meaning of the Atlantic community and its spiritual and moral principles.

Those resolutions clearly show that NATO must not limit itself to military considerations, but that the Atlantic community must also create organizations that would be able to think and to spread among free nations the ideas and the moral and intellectual concepts of member nations that want to work within the spirit and the framework of NATO.

What the Atlantic community wants to defend—

said Mr. Jean Danielou, the French delegate,

—is not a particular civilization against another particular civilization; it is civilization period, of which the Atlantic community is the expression.

The Atlantic community, Mr. Chairman, should therefore be organized so as to be able to stand up to communist propaganda whose purpose is to attack and destroy the principle of liberty of nations that still believe in the peaceful co-existence of the peoples of mankind.

The great danger which the free nations of the world have to face today is communist propaganda in all its forms. At present the Soviets have 500,000 individuals at their service to make this propaganda system work, and they are spending 2 billion dollars a year to try and subvert a billion free men. Moscow is therefore spending $2 a year for each free human being it wants to subjugate. A U.S. senate commission recently informed us, as a matter of fact, that the United States allow 1¼ cent a year per capita for their world propaganda.

Those figures clearly indicate that it is high time for the free nations to get together to meet the Soviet menace and fight the ideological warfare of the U.S.S.R.

During the congress, we heard pressing appeals made by several delegates, on the urgency of the situation. I remember, among others, the appeal of Mrs. Suzanne Lahin, who said:

I urge the delegates to open their eyes. The danger is a pressing and acute one, and it is dramatically urgent that the West should wake up, pull itself together, put all its intellectual and material resources to work and, rousing itself on the very fringe of the abyss it should not only avoid losing the cold war, but try to win it as well. It is just as fatal to die of cold as it is to die of burns. Our defeat would be particularly tragic in that the democratic West would die from a paralysis of the very things that once made its greatness.

In view of those facts so frequently expressed at the meeting, NATO decided to proceed with the creation of the Atlantic institute, or more accurately of an Atlantic community study centre which would serve as an information service and intellectual centre.

The Atlantic institute would exercise a certain number of duties, it would undertake certain projects on its own and co-operate with existing organizations in respect of certain others.

It would favour and support human exchange between the western nations, in order to contribute to greater mutual understanding. It would supply the machinery for the meeting not only of academic and intellectual people, but of leaders in every walk of life in order to stimulate a new knowledge with regard to problems of common concern.

The institute would serve as a clearing house and, on request, as co-ordinating centre for operations and projects connected with its basic interests. It would also initiate and support educational activities designed to promote understanding and to apply the concept of the Atlantic community.

It is in that spirit that the parties to the North Atlantic Treaty, in 1949, indicated the wider concept they had in mind when they referred, in article 2 of the charter, to the need for a better understanding of the underlying principles of the free institutions of the community.

Canada has played an important part in that congress and, in that connection, I

should like to quote from a report published in *La Presse* of July 4, 1959, and written by Mr. Roger Champoux, a newspaperman and Canadian delegate to the Congress:

> People will ask what part Canada has played in this meeting of the free world, this soul-searching by 14 countries integrated into the most powerful alliance in the present world.
>
> It was an outstanding part, because Canada is no longer a dependent country. Thanks to its highly informed and active delegates, Canada ranked high, and contributions by Canadian delegates drew attention; the same applies to the suggestions made by a number of delegates.
>
> Speeches were made by several delegates, and the tasks assigned to a number of us were done quickly, efficiently and with a degree of integrity that was commended in the highest terms.

Mr. Chairman, Canada is no longer and will never be a silent partner in world meetings. It is realized in Europe that our country, whose stature always causes amazement, has become the pivot of a disturbed world, anxiously in search of a firm basis, a solid support and a reliable ally.

I can therefore fairly say, in closing, that this congress has deepened my understanding of international problems and has provided me with an opportunity of acquiring experience that will long stand me in good stead. *(Text):*

Mr. Fleming (Okanagan-Revelstoke): Mr. Chairman, before I venture upon the few observations I wish to make at this time I should like to express the gratification I felt when the announcement was made of the appointment of the Secretary of State for External Affairs to his present position. Hon. members will realize that the minister is held in respect and affection in his native province, and those feelings were mingled with pride at the knowledge that he would be guiding the foreign policy of the people of this country in the councils of the world.

When the announcement was made two and a half weeks ago that Canada was undertaking a special program with respect to the clearance of the refugee camps in Europe during this world refugee year, was considering new lines of approach to some of the problems that have been outstanding throughout the 14 years since the war, there was unanimous approval of the announcement in this house and I believe a general acceptance and approval across the country.

Hon. members will recognize, and I trust the people of Canada are persuaded, that the circumstances that have brought about the existence in Europe, in the Middle East and in the Far East of large numbers of homeless people, refugees, are a condemnation of the nations from which they have fled; but as long as they continue to exist in camps, or in other accommodations, unsettled, unaccepted, and, indeed, in many cases, unacceptable, then their existence under those circumstances is a reproach to the western nations to whom they have turned for haven. Therefore, I feel certain that there cannot be other than reason for congratulations to the government that it has decided to take certain steps to try to meet the problems of at least some of these people.

We know that among the hundreds of thousands of refugees there are those who at least still have their health; that given time, given favourable opportunities, they may find countries in the world that will accept them, where they can be assimilated, where they can once more stand on their own feet and find their own places in the world; but there are also many, far too many, unfortunately, who suffer from disability, or from illness, that makes it impossible for them to escape the conditions under which they now live because the illness or the disability makes them unacceptable in so many countries.

We in Canada have one of the best records in the world in so far as assistance in providing new homes for refugees is concerned, but we have not perhaps done as much as we might have done for those who are classified in United Nations parlance as difficult cases. In the minister's announcement there was reference specifically to tubercular cases. Those people face the most difficult situation of all; for there are relatively few places in the world where they are provided for, or where they are now accepted. Here in Canada there is, as all hon. members realize, a special difficulty in that the government of Canada itself has no hospital in which it can take care of such people, even if they came here; that any such hospitals as exist in the country come under provincial jurisdiction, and we can only introduce tubercular refugees into these hospitals if the provinces will agree to accept them. Therefore, I hope that in this year, when so much attention has been focused on the problems of refugees, the provincial authorities can be persuaded and will be willing to consider the possibility of accepting in each province where available space can be provided at least a number of the tubercular cases among the refugees in Europe today.

In solving the problems of any one tubercular refugee it often happens that the problem of a whole family is solved; for if any single member of a family unit is suffering from the disease they are not now acceptable to us. But if we accept the one, then it may be automatically supposed we will accept the rest of the family; the united family group can come into the country and that problem is solved for a deserving group of people who at the present time have very little hope. However, there have been indications during this year that this problem

is receiving wider recognition than it has received in the past. In February the government of New Zealand accepted 20 handicapped refugees with their families, and in May the government of Sweden, which has done so much to pioneer the acceptance of tubercular refugees, accepted a further group of 54.

It may be pointed out that over the years that Sweden has been providing a haven for tubercular refugees, 649 cases altogether have been provided for in that country, and, with their dependants, a solution has been found for the problems of 1,500 people. Of that number only 649 were actually tubercular. It was reported at the 13th session of the United Nations last fall that in one particular group of 200 which was taken from the camps by Sweden and Denmark in conjunction, a group that included as well as tubercular cases some mental cases, there had been complete recovery and assimilation of that total number of 200.

It is not as though in undertaking such a program Canada would be embarking upon unknown ground. There is the example of Sweden, Denmark, New Zealand and the other countries which are dealing in difficult cases which we may follow, and from which we can gain experience and perhaps learn to avoid any pitfalls that may be inherent in such a plan. Therefore, the principle of the thing has been accepted by the government. I only hope now that every effort will be made to give it practical realization. I hope that the people of Canada will support this program; that the provincial governments will provide the necessary facilities, the facilities that only they can provide, and that perhaps in this way, at a time when considerations of compassion and humanity are so important in an unsettled world, this program will prove successful and provide the solution of the problems of people who now live with very little hope.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, I shall be brief in my remarks, but before I deal with the matter I wish to raise, I should like to congratulate the new Secretary of State for External Affairs (Mr. Green), and wish him to keep earning for Canada the reputation which she has always enjoyed.

Mr. Chairman, if I rise on the first item of the Department of External Affairs, it is to ask the hon. minister whether it would not be appropriate to consider the possibility of establishing diplomatic relations with the government of Ethiopia. It is not because I went to Ethiopia myself that I ask the government to consider that matter, but Ethiopia, like many other Eastern and African countries, is a country which is friendly to us, and where a great number of Canadians, both French-speaking and English-speaking, have taken up residence. Among the many Canadians who went to Ethiopia in 1945 at the request of Emperor Haile Selassie, there was Rev. Father Matte, s.j., doctor of science, who established the Tafari Mackonnen High School. Since then, University College has been founded, of which Rev. Father Matte is also president.

The part played by French-speaking and English-speaking Canadians in Ethiopia, in the field of education since 1945, has been enormous. Canadians who live in Ethiopia, and the Ethiopian government too, I am sure, would be very pleased indeed if diplomatic relations were established between our two countries.

I would not like to take more of the time of the house, but I ask the hon. minister to be so kind as to consider the possibility of establishing diplomatic relations between those two countries.

(Text):

Mr. Regier: Mr. Chairman, I wish to take a few minutes to mention certain matters. Along with other members who have preceded me I also want to wish the minister well in his new responsibility. His new department possibly involves more responsibility than any other department. Canadians will long remember his remarks of this morning when he said, if I have his words right, that in this nuclear age war is unthinkable and there simply is no alternative to continued negotiation. I hope I have his words right. I believe they will obtain for the minister the best wishes of 17½ million Canadians. We have every confidence that the minister is going to continue to pursue that philosophy as long as he holds his present high office.

I wish to refer to a couple of matters which the minister may consider as relatively minor but which to me are of rather important significance. I should like to compliment the hon. member for Okanagan-Revelstoke on the great interest he has exhibited over the past year or more in the question of the refugees of the world. Most Canadians recognize that we are either refugees or the sons, grandsons or greatgrandsons of refugees. Most of our forefathers left European shores because they found life and conditions unbearable there and they were political, religious or some other type of refugees.

I believe that we may have been following a wrong policy with respect to refugees in that in our openheartedness we have only been willing to supply money for the maintenance of refugees in other parts of the world. I know that money can salve our

consciences at times but in my opinion the move that was made a number of weeks ago when the government announced its willingness to accept a certain number of these refugees into Canada was a welcome one. However, I believe it was a very limited move indeed and I hope that in the months ahead the government will give serious consideration to ending once and for all the refugee camp problem existing in Europe and that we will not only be willing to accept into Canada cases involving tuberculosis merely because we happen to have empty sanitaria space but will also be willing to accept our fair share of the refugees still in camps in Europe 14 years after the end of the second world war. I hope that we will take our share and have an end to this continuing problem in Europe.

I also fail to appreciate Canada's continued willingness to pay money toward the maintenance of the refugee camp in the Middle East because the problem there is not being resolved by our continuing to feed, clothe and supply education, housing and medical care to these people. Even today there are several hundred thousand more refugees in the Middle East than there were after the formation of Israel. I believe that Canada should follow an aggressive policy in the United Nations toward the re-establishment of these refugees. I regret to have to inform the minister that I have spoken to a number of Canadians who have actually visited the refugee camps and who say that the state of demoralization that has now come about is simply deplorable. These people have been nursed, fed and supplied with all their basic needs, even though at a very minimum level, but some of them have now become so lazy that they are even unwilling to lift their hands to swipe away the flies that are feeding on their eyes.

I believe that if Canadians continue to endorse this refugee camp and the existing arrangements we will not be making our maximum contribution. In my opinion Canada should not only be willing to accept a number of these people into our country but Canada should follow a policy at the United Nations that will lead to the re-establishment of these refugees possibly in some of the arid regions of the Middle East which can be made into useful areas.

Another refugee problem exists, as the minister well knows, on the island of Hong Kong. I feel that the minister might use his good offices with the Minister of Citizenship and Immigration so that Canadians of Chinese origin with near relatives in Hong Kong would have a little less tortuous path to pursue in obtaining the right to bring these people, who are refugees from the mainland of China, into Canada. The Canadian people, as the minister knows, are an open and kindhearted people and with respect to the whole question of refugees the minister will always find that the people of Canada will support him in any progressive move he can make.

Another policy about which I feel I have to complain a little is that involving the urging of Canadians to adopt an orphan overseas and to send $15, $20 or $30 a month to maintain an orphan in some other area of the world. I feel that orphans are the best possible kind of immigrant we can have in Canada, and once again I would like to appeal to the minister to use his influence with his colleague, the Minister of Citizenship and Immigration, to pursue a policy whereby all these orphans might benefit by encouraging the foster father, the foster mother or foster parents not to supply money to maintain the orphan overseas but rather to bring the orphan into Canada and to look after the orphan in their own home.

I would also like to appeal to the minister to do a little bit of investigating as to what happened to what the newspapers reported about a year ago was the Prime Minister's plan for a possible agreement between Canada and the U.S.S.R. whereby Canada and the Soviet union might agree upon an Arctic inspection plan and thereby eliminate the need for the vast armament expenditures within the Arctic areas. We have never had a report in the House of Commons as to why that plan suddenly disappeared. We have never had a report on the plan at all. I believed at the time I first read of it that the plan was an excellent idea, enough to be explored to the full, and I hope that the minister at some time will pay some attention to that and see whether or not it was the United States government that completely vetoed the plan and caused the Canadian government immediately to forget it, and also investigate whether or not it should be revived.

I would also like to appeal to the minister to pay some little attention to the quality of Canadians parliamentary representation abroad. I have been at a number of international gatherings, and I have always been very impressed with the quality of representatives at these international gatherings who came from either Washington or Westminster. I have always had the feeling that when Canada is asked to send 15 members of parliament here, five members of parliament there, and eight members of parliament somewhere else to international meetings, far too often what happens in effect is that the least able members of the House of Commons, the ones who are not needed at home, are

available as our representatives overseas. I do not believe that this helps to enhance Canadian prestige at international gatherings. I do not want to pinpoint any one meeting or any individual or any group of individuals, but I have been amazed at the quality of the United States and British representatives at international meetings and have often had the feeling that we were not sending our best representatives abroad.

Mr. Pallett: The hon. member was at two of them himself.

Mr. Regier: Yes, I was one of them, and I have been one of the worst I agree. However, I was with the hon. member for Leeds, I think it was, and I must say that he acquitted himself very well indeed when he headed our NATO delegation in Europe in the fall of 1957, even though he may have felt that I was not of much use to him.

I should like to express my appreciation to the minister at this time for going to considerable trouble in arranging for a representative of Canadian teachers to attend the meeting now taking place in London in connection with the establishment of a commonwealth scholarship program. I noted the minister said this morning that the Canadian government expected that it would have to spend about $1 million a year on this type of proposal, and that out of a thousand scholarships we would be expected to look after roughly 250 of them. I do not want to be too inquisitive, but it looks like a rather openhearted amount, $4,000 per year for each of them. Unless the overhead is unduly large, I feel that this is an amount which can hardly be compared with even a Rhodes scholarship or an I.O.D.E. scholarship. They certainly do not amount to $4,000 a year, yet the minister indicated there would be 250 scholarships at a cost of roughly $1 million.

I was a little disappointed at the amount which was announced. I had hoped that Canada would be prepared to spend at least $10 million or $20 million on this type of enterprise, and that Canadian universities and other institutions of learning might expect to receive not 250 but more in the neighbourhood of 2,500 commonwealth students who would be obtaining their education here. However, I heartily endorse the program. Our whole group heartily endorse this program. We only regret that it is not more extensive. However, we realize it is only the beginning and that it may be expanded in the years ahead. We feel that it is very important that the commonwealth nations help each other in this manner and thereby help to spread some of the traditions that we hope will become firmly rooted in all areas of the British commonwealth of nations.

I have never expressed this sentiment in the house before. However, I would like to inform the minister that my great grandfather and my grandfather, upon the ascension of Mr. Bismarck in Europe, left European shores and chose liberty under the traditions which were established and recognized as the basic liberties of the individual in areas where the Union Jack was known. I personally would like to see a spread of this liberty, but not by imposition. We must realize that we have to live in a world with many others who have different attitudes and approaches to many of our main problems in life. However, we should by example help in every way we can to spread the basic traditions that have made the commonwealth, and especially the heart of the commonwealth, the United Kingdom, even though it may not be militarily powerful any more, into the most respected nation today in the world. I believe that the establishment of a commonwealth scholarship program will help very much toward the accomplishment of this aim that I am sure all members of this house endorse.

(Translation):

Mr. Tremblay: Mr. Chairman, if I venture to take part in this debate, it is not so much that I am aware of the scope and difficulty of the subject-matter, but I consider it important for us members to discuss external affairs, certainly not as experts, but as representatives of the people. Indeed, it is our responsibility to inform those we represent of what is happening in diplomatic circles and on the international scene. Moreover, it is our duty to keep the government aware of the popular reaction to the international situation and to its own policy.

Hon. members must recall what is ultimately at stake in the secret struggle taking place at the diplomatic level. What is at stake is indeed the very survival of civilization and freedom for the preservation of peace. It is also our responsibility as members to remind the public that every single individual will ultimately reap the sweet or bitter fruit of official high level policy.

My intentions are of modest scope. I simply want to reaffirm what seems to me fundamental in the matter. But before dealing with the subject, I would like, if I may, Mr. Chairman, to tender my warmest congratulations to the Secretary of State for External Affairs (Mr. Green). The way in which the announcement of his appointment to his present post was received told him, better than I can, the very great esteem in

which he is regarded by his colleagues. I want to tell him, perhaps on behalf of the younger members in this house, that we admire him very sincerely and that since our arrival in this House of Commons, he has been to us a model and an example. Because of his great kindness, his simplicity and sincerity, we would be inclined to consider him as a father if, on the other hand, his very great cordiality, did not make us consider him, instead, as an older brother. At all events, Mr. Chairman, together with all my fellow members, I welcome this appointment which, I am sure, will have happiest results for Canada. Mr. Chairman, last autumn, I had the honour to be invited to attend the 13th general assembly of the United Nations as Canadian delegate. I must say that my stay in New York has taught me a very great lesson. I was able to realize, on the spot, the importance of diplomatic debate and the efficient part played there by Canada. I listened, day by day to debates on the most vital principles. And, when I was a member of the fifth commission —the administrative and budgetary commission—I could see all the underlying factors of international policy coming up in the discussions, in the form of estimates introduced for approval. I was thus able to familiarize myself with external affairs and to understand the extreme difficulty of some situations and the importance of those discussions.

Today—and even more so today than before —the international situation cannot but cause the gravest misgivings, Mr. Chairman. If we remember the Middle East crisis in the summer of 1958, as well as the Quemoy and Matsu islands issue we realize that the events which troubled the world at that time made us fear the worse conflicts. Since then, there has been a settlement. It nevertheless remains that this settlement has a precarious character because of the very strategic withdrawals which made it possible, but which leave the positions with regard to principle absolutely unchanged in the two camps.

The recent Berlin crisis proved that the international situation is not yet settled and that security and world peace are still threatened at this time. As a matter of fact, the Berlin crisis is a menace which, according to experts, might very well be the final test of strength. Its character is tragic mainly because of the fact that it again brings a major issue to the fore. It throws new light on events that seemed already old, but which are again emerging as a stark reality. These events were those that marked the end of the 1939-45 war, and they are the consequences of the negotiations held at the time.

Mr. Chairman, what impresses me and what I want to stress when I consider those international events, is the meaning and the interpretation we are forced to give them.

Indeed, we are actually in a position of perpetual conflict opposing—one might as well admit it—communists and non-communists. That masked, underhand conflict has degenerated into what is now called the cold war. It is none the less extremely important and dangerous; as witness the various international developments to which I referred a moment ago. All those developments are increasing international tension and threatening the world with a menace of which our young men will perhaps suffer the dire consequences one of these days.

Those facts, which in reality constitute the international crisis, are an indication of Russia's and her satellites' intentions, and they reveal the character of the philosophy behind their diplomatic approach.

The heart of the problem lies in that opposition commonly called: East-West opposition. It lies in this fact that a fight, a fight to the finish, so it seems, is being waged between communist and non-communist countries. That opposition is one of principles, because it involves two opposite philosophies, two opposite civilizations, and because it is based on contradictory principles. It opposes an atheistic civilization to a civilization of faith, a deistic civilization; it sets a materialistic civilization against one based on the principle of priority of spiritual matters; a form of communism against a normal form of individualism; social planning against private enterprise, arbitrary state control against divine right, natural right. Also, if we care to take a closer and more realistic look at the matter, we realize that we are faced with opposition between tyranny and freedom.

Therefore, Mr. Chairman, the major objective that we must pursue, is the defence of our civilization, western and Christian civilization. The result will be a struggle not for geographical possessions, not for military supremacy, not for economic domination, nor for political hegemony, but a struggle for the survival of a civilization, its development and perfection. That struggle must be considered by us as of capital importance, since our civilization, which we seek to defend, must be rooted in fundamental principles which are like the mainstays of our lives; those principles are based on divine right, natural right, on freedom of the individual, and on individual and social ethics. It is a

civilization which has historic achievements to its credit: its philosophy, its culture, its letters and its arts, its technology and science in all its forms. Consequently, it is that objective we must defend. We are defending acknowledged values, values which have been historically established and, in my opinion, that is an approach we should never lose sight of in any consideration of external affairs.

The defence of western civilization is not therefore based on sentimental reasons but on historic realities. I was saying a moment ago that this civilization we are defending is opposed by a materialistic civilization that can certainly produce astonishing technological achievements, and may even bring about a certain amount of well-being, but at an extremely heavy cost, the loss of individual freedom in exchange for purely material progress.

Under the circumstances, Mr. Chairman, our attitude must be a practical and realistic one, in view of the threat of war and particularly of a nuclear war that would dwarf any catastrophe ever recorded. Our attitude must be one of strength, and must prompt us to look for the facts behind the threats from Russia and the satellite countries, but it must above all be one of caution so that we may exhaust every diplomatic means at our disposal. In that regard, our membership in the United Nations and in NATO should always be viewed as a way of cooperating in the maintenance of world peace and security.

There are people today who favour cooperation in every field with those whom we must rightfully consider as enemies of our civilization. Such a policy might be largely a matter of political and diplomatic strategy; it might in some ways, yield excellent results, but it should not cause us to lose sight of the major principles involved. Fear of war must not make us lose sight of our goal, which is the defence of the values underlying our way of life and our community.

The Canadian government, through its membership in the UN and in NATO, must maintain a defence system and must, in cooperation with its neighbours and with the major countries of NATO, keep up a highly efficient protection system. That, of course, involves considerable expense, and it is our duty, as representatives of the people, to explain to the people that Canada's defence system involves a measure of sacrifice on the part of the nation and its citizens.

Quite often, we hear complaints, we hear all kinds of criticism on the efforts Canada has to make to expand its defence system. It is our job to explain the meaning of that protection, which inevitably costs money.

However, it seems to me that there is one area where Canada's effort should be greater, and I refer to the help Canada must or has agreed to provide to underdeveloped countries. In countries of Africa and Asia, and in some countries nearer to us, there are people today who are yearning for social improvement and for greater personal and political freedom. To reach those goals, however, they need technical, financial and cultural help. Such is the context for our contribution to the various schemes aimed at helping underdeveloped countries.

I, for my part, know that this undertaking of the Canadian government has often been harshly criticized; but this criticism, which might in some cases be justified, is easily refuted—and this again is a responsibility of those who represent the people—provided we take the trouble of making the public understand that they are part of the family of man, of pointing out the interdependence of Canadian citizens and of all the citizens of the world who sincerely want to promote the cause of peace.

In conclusion, Mr. Chairman, I want to point out that just about everywhere in Canada there may be agents of disorder, agents who may be propagandists of subversive ideas. As the Minister of Justice (Mr. Fulton) stressed today, some of these agents try to undermine our social and political institutions in Canada and are therefore, in fact, distributors of subversive political propaganda.

Those agents are preventing the creation and the implementation of defence and diplomatic policy which would be really efficient and produce all the results we expect of it.

We, in Canada, have a particular role to play; we must show the way we must set for other nations—more so perhaps because we are a young nation—the example of a true to life civilization which, to all practical intents, proves the historical and intrinsic value of the principles that we consider as the basis of Christian and western civilization. *(Text):*

Mr. Green: Mr. Chairman, this has been for me, and I am sure for the officials of the

department, a very helpful discussion. Before the vote is passed I should like to deal very briefly with some of the points which have been made by the various hon. members who have taken part in this debate. There have been a great many useful suggestions made and they will all be given careful consideration because under the conditions which exist around the world today no idea can be overlooked or bypassed in case it might be of great value in helping to bring about world peace.

The hon. member for Essex East mentioned the importance of the forthcoming session of the United Nations which will be opening in September. I can assure him that I intend to lead the Canadian delegation at this session and will stay in New York as long as possible. However, there are various duties which come up from time to time in Canada or perhaps in some other part of the world and as the hon. member knows it is impossible for the Secretary of State for External Affairs to be there for the whole of the duration of the session.

The hon. member mentioned the need for increased representation for Canada in the Middle East, referring particularly to Iraq. This is under consideration by the department. As the hon. gentleman said, there has been a mission set up in Iran. I believe the intention had been to have a charge d'affaires in Iraq. Then there was trouble in that country about a year ago. I am not yet in a position to announce just what steps the government can take. Our ambassador to the United Arab Republic will be going to Baghdad in a few days to attend the anniversary of the revolution of last year which was on July 14 and while there no doubt he will be able to look into the whole situation. I should like the hon. member for Essex East to realize that we are interested in the possibilities of establishing a further mission in this area which has been and is of such great importance in world affairs.

I shall not comment on the hon. member's quotations from the London *Times*. That, of course, is a great newspaper. I remember reading it with great confidence 45 years ago. But like all other newspapers it is not always right and perhaps the article from which he quoted was not as praiseworthy as he seemed to suggest.

He also mentioned the possibility of arrangements being made for what he called the United Nations presence in Berlin. There have been suggestions made that if the four negotiating powers could reach agreement then there might be a role for the United Nations in Berlin based on that agreement. This I believe is an idea which certainly merits careful consideration. It may be that the solution of the Berlin problem will be along that line. At the moment, however, I am not in a position to take any stand one way or the other.

The hon. member for Kootenay West advanced many suggestions and outlined the policy of his party on various questions having to do with foreign policy. I know he will not expect me to comment on these policies. He said he felt that Canada had lost her contacts in world affairs and hoped that we would now resume these lost contacts. I can assure the hon. member that the losses have not been as great as he thinks. I should be very much surprised if any contacts whatever had been lost. Perhaps he was reading speculative articles in some of the newspapers as well when he formed that opinion.

The foreign service of Canada has an excellent standing all over the world. He would be surprised at the number and the quality of the dispatches which come in to the minister of the department every day from all over the world although I do not think that perhaps more than 10 per cent of the total volume would be passed on to me. I can assure the hon. gentleman that Canada is very well represented in all parts of the world and I believe her standing in world affairs is as high as that of any other nation.

There are reasons for that, of course, beyond our own good qualities as Canadians. We are not in the position of having any past to explain nor do we have a record of wanting anybody's territory or of having designs on anybody. Our main ambition is to be friendly with all other nations and I believe that is characteristic of the Canadian outlook. This has been one reason why we have enjoyed such a high standing, as well, of course, as the fact that Canada has been very well served abroad not only on an official level but also in the public men who have represented this nation.

The hon. member need not be afraid that Canadian foreign policy will be merely a reflection of United States policy. We have great friendship and vast admiration for our cousins but we intend to stand on our own feet in foreign policy and try to take the approach which the average Canadian would take on these questions.

The hon. member for York-Sunbury and the hon. member for Charlevoix made very interesting reports on the Atlantic congress

which took place a short time ago. In this connection I find it exceedingly difficult to believe that the remarks made by the hon. member for Burnaby-Coquitlam about the rather inferior calibre of the Canadian representatives at conferences were made seriously. It may be that the Canadian representatives are not expert on protocol. I find it quite a problem myself and I think any Canadian would until he had been in the diplomatic service for a lifetime. But I have no doubt that when it comes to good, plain, hard-headed common sense the Canadian members of parliament who attend those conferences are just as good as the representatives of any other parliament in the world.

The hon. member for Okanagan-Revelstoke made a very thoughtful and appealing speech on the refugee problem. This was also dealt with by the hon. member for Burnaby-Coquitlam. We are very interested to see just what the reaction of the Canadian people will be to the suggestion that a real attempt be made to get at the hard core of this refugee problem. If this is to be done it will mean bringing people to Canada who are not in good physical condition; it will cost money and it will require understanding on the part of our own Canadian people.

When I suggested a week or two ago that we were prepared to embark on a program that would help to meet this refugee problem I was not just sure what the reaction would be. So far it has been excellent, very gratifying, and the remarks made by these two gentlemen today will help a great deal to make it possible for Canada to adopt a worthwhile policy to deal with this situation.

The hon. member for Lapointe made a suggestion that Canada should have diplomatic representation in Ethiopia and others have come forward with the same proposal. We have always enjoyed the friendliest of relations with Ethiopia. Hon. members will recall, for instance, the welcome visit to Canada of His Majesty, the Emperor of Ethiopia, in 1954. The question of establishing diplomatic relations with this country is, of course, kept under review in the light of the requirements of Canadian citizens in Ethiopia and of the various demands on our financial and personnel resources.

As hon. members know, this department operates on cold, hard cash, and we always have to consider whether we can get the money to establish those missions. It is not simply a case of deciding that we would like a mission here and a mission there, and establishing them. We have to do business with the treasury board, just as do the other departments, and in my experience treasury board is sometimes quite a high hurdle to get over.

[Mr. Green.]

To get back to Ethiopia, I might say that the registration of such Canadians with the United Kingdom embassy in Addis Ababa is a normal practice in countries where Canada has no diplomatic mission, and this practice has proved to be generally satisfactory.

The hon. member for Burnaby-Coquitlam referred to the plan proposed by our own Prime Minister for inspection of Arctic regions, both of Canada and of the Soviet union, and he seemed to think that that plan had been put away in a filing cabinet and forgotten; but such is not the case. Canada was associated with the original proposal of a regional disarmament inspection zone in Arctic areas. No agreement has been reached with the Soviet union on such an area, but the Canadian government remains today ready to co-operate fully in any such plan that may be worked out between the nations.

That hon. member also mentioned the cost per student under the commonwealth education plan. The meetings to discuss the details of such a plan will not be held until next week. The figure of $1 million is an estimate. However, I point out that these students will be graduates taking post-graduate courses, and that the cost will include travel, maintenance and contributions to the universities. Also, of course, Canada will have to pay her share of the administrative expenses in connection with the plan. But the hon. member can be quite sure that there will be no money thrown away. In my experience this seldom happens under any scholarship plan.

Finally, the hon. member for Roberval made a very thought-provoking speech, as he always does, and his comments, too, will be given very careful consideration by myself and by the officials of the department.

I think that covers many of the points which were raised by the different members, and I shall be very glad to try to answer any other questions as we go through the estimates.

Item agreed to.

77. Representation abroad—operational—including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff by the governor in council, $9,606,439.

Mr. Pearson: Mr. Chairman, I did not burden the minister or the committee with a speech when we were discussing the estimates in a general way, but I should like to say a few things about some of the individual items, including this particular one. However, before I do that, perhaps the minister would permit me to add my congratulations and good wishes to him which were given to him on behalf of our party by my colleague, the hon. member for Essex East.

Those good wishes are as sincere as they are in a sense repetitive because he has already heard them. I lament, of course, as we all do, the tragedy which required the minister to take on this portfolio; but he can, as my colleague from Essex East has already said, count on our good wishes and support for every move that he makes that we feel is in the interest of our country and of peace. That will not, as has already been stated, prevent us from speaking frankly, as he used to speak when he was in opposition, on some foreign affairs questions.

He mentioned that he has already been at a picnic of the Department of External Affairs. I assume he has already also found out that external affairs is not a picnic, and I can only underline the thought, which has already been expressed, that perhaps he will soon be relieved of some of his other important activities so that he can devote all of his time to this important portfolio which he now has and which I know he will honour.

The item that we are now considering has to do with representation abroad. I was very happy indeed to hear the minister pay his sincere and generous tribute to the work of the officers of the department, both at home and abroad, and I join with him in that tribute.

He mentioned that they were a great band of Canadians, perhaps even better Canadians because they have had the privilege and the responsibility of living, working and speaking for Canada abroad. Sometimes it makes you a better Canadian than if you have to spend all your time at home. I prefer, incidentally, the minister's reference to the departmental officials to that which was quoted by the hon. member for Essex East from a press column. The item shows an increase of $859,000, and I should like to ask the minister whether this increase is in part at least to take care of new posts abroad and, if so, what these new posts are.

The other day the minister indicated in reply to a question that there were eight missions, I believe, where the headships were now vacant. I should also like to ask him whether the government contemplates filling those posts in the near future because I think it is important, particularly in these days, that these vacancies should be reduced to a minimum within a short time. I know that the minister will agree with me there. Perhaps there is less reason for vacancies now than there may have been at one stage of the development of the external affairs department because the department has now grown to the point where it has in its senior officers men of experience and capacity who are quite capable, I am sure, of filling any diplomatic vacancy that may exist. In the earlier days of the service, of course, before there had been time and opportunity for the development of officers with seniority and experience, it was often necessary to go outside the service to fill these vacancies. I agree that from time to time it will always be necessary in an efficient foreign service to bring into the ranks of that service in top posts men of special capacity and experience for a particular job. But I would hope that these vacancies, eight in number, will soon be filled because it is difficult for a diplomatic mission to function as effectively as the minister I know wishes it to function if the headship remains vacant too long.

Mr. Green: The increase in $859,034 in this vote is chiefly caused by the added requirements of $440,590 for salaries, $371,669 in allowances, $24,655 in freight charges, $35,999 in telephone and communication services and $30,885 for office stationery and supplies. While I think the return to which the Leader of the Opposition referred showed that there were eight offices of heads of missions vacant, in some cases one representative is to be accredited to more than one country so that there are not actually eight vacancies. One example is the case of Cuba. I understand that there are only five vacancies and I hope to have appointments made at least to some of them in the very near future. They are in the course of going through the necessary procedures.

Mr. Martin (Essex East): Can the minister say whether or not the appointments he has just mentioned will be made from the service itself?

Mr. Green: Yes, Mr. Chairman.

Item agreed to.

78. Representation abroad—construction, acquisition or improvement of buildings, works land equipment and furnishings and to the extent that, blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,565,405.

Mr. Pearson: I do not want to detain the committee but may I ask the minister whether the increase represents the construction of some new embassies abroad and, if so, where are they?

Mr. Green: This vote shows an increase of $152,717 over 1958-59. The dominant factor in the increase is the requirement of an additional $76,950 for the acquisition, construction and improvement of properties. This item makes provision for the following principle projects: A chancery at Canberra, $100,000; official residence, Brussels, $150,000; chancery, New Delhi, initial cost, $60,000; staff

quarters and service building, Tokyo, $70,000; chancery, Ankara, intial cost $60,000; official residence, New York, $60,000, for a total of $500,000.

Then, as to procurement of motor vehicles and other equipment, the increase of $31,900 reflects normal replacement mainly of automobiles, of which 34 are to be replaced in 1959 and 1960 and eight added to the establishment.

Item agreed to.

79. Official hospitality, $40,000.

Mr. Forgie: I should like to ask the minister if he is sure that the amount of $40,000 for hospitality is adequate?

Mr. Green: The purpose of this vote is to provide for the payment of accounts for dinners, luncheons, local transportation, miscellaneous expenses, etc., in connection with the entertainment of distinguished visitors, most of whom are from abroad. It also provides for the cost of gifts to distinguished visitors from abroad who may decide to confer gifts on the Prime Minister or other members of the cabinet. That is also chargeable to this vote up to a maximum of $3,000 per year. In the year 1938-39 the expenditure was $2,825; in 1943-44, $12,810; in 1950-51, $19,667; in 1951-52, $39,620; in 1952-53, $9,965; in 1953-54, $23,955; in 1954-55, $31,315; in 1955-56, $41,988; in 1956-57, $46,679; in 1957-58, $37,087; and for 1958-59 the forecast is $40,000. We will try to keep these expenditures down well below $40,000.

Mr. Martin (Essex East): Would the minister repeat the expenditure for 1957-58?

Mr. Green: The 1957-58 expenditure was $37,087, almost $10,000 less than the year before.

Mr. Pickersgill: I think the minister indicated that the expenditure for 1958-59 was an estimate but the fiscal year ended on March 31.

Item agreed to.

81. Canadian representation at international conferences, $243,000.

Mr. Martin (Essex East): Can the minister tell us with respect to delegations to the international labour office as well as delegations to the world health organization, in other words delegations that represent functionally other departments of government, whether it has been the practice during the past two years—I hope this is not an unfair question to ask a new minister—to have the appointments made on the nomination of the Secretary of State for External Affairs or are the appointments made on the nomination of the Minister of National Health and Welfare and the Minister of Labour.

Mr. Green: The ordinary practice is for the recommendations to come from the department or departments concerned to the Department of External Affairs. Then formal approval is obtained by the Department of External Affairs and usually an announcement is made by our department.

Mr. Pearson: Would the minister tell me whether this vote is for the expenses of delegations to the United Nations assembly?

Mr. Green: Yes, Mr. Chairman.

Mr. Pearson: Could the minister give the committee the figures of expenses for the assembly delegation for last fall, September, and the September before that?

Mr. Green: The cost for the session of last fall was $125,320.23. With regard to the fall of 1957, my officials do not have the figure available at the moment but I will be glad to get it.

Mr. Crestohl: I wonder whether the minister could tell the committee whether the expenditures of the conference recently held in London of the NATO parliamentary association, and also of the prominent Canadians who attended, came out of this fund.

Mr. Green: No, Mr. Chairman.

Item agreed to.

82. Grant to the United Nations association in Canada, $11,000.

Mr. Crestohl: Mr. Chairman, could the minister tell us when was the last increase given to the Canadian United Nations organization, and what was the amount of that increase?

Mr. Green: The last increase was in the fiscal year 1954-55, when the figure was raised from $10,000 to $11,000.

Mr. Crestohl: May I say a word on that. I think the position of the United Nations is becoming much more important, and Canadians are becoming much more conscious of the existence and effectiveness of the United Nations. I think we should encourage that, and perhaps a more substantial grant should be given to the organization in Canada in order that it may continue to spread the gospel amongst Canadians of the usefulness and importance of the United Nations. I do not think that $11,000 is a large enough contribution for the government of Canada to make to this all important organization in Canada.

Mr. Green: There is no doubt, Mr. Chairman, that the United Nations association in

Canada has been and is doing very good work, and I will be very glad to have a look at the question of whether or not the grant should be increased. The hon. member, of course, will appreciate the fact that here again we have to do business with the treasury board.

Mr. Aiken: Mr. Chairman, I wonder if I might engage the attention of the committee for a few minutes in connection with this item. Up to a few months ago I had very little knowledge of the extensive work that the United Nations association in Canada does, but last week I had the privilege of attending as a guest a seminar that is held by this association in Canada. This was a new seminar started at Geneva park on lake Couchiching, about 20 miles from my own home town. At this seminar there were approximately 70 high school students from grades 11 and 12. They were picked from among the most intelligent members of the schools in their grades to come down to this conference and study work undertaken by the United Nations. There were actually six from Powassan high school in my own riding. This conference lasted six days, and these young people were brought together for the six days and they were taught one particular subject. This year they spent six days on the subject of the emergence of Africa, and even the minister's departmental officials admitted that this was a terrific undertaking.

I was asked to attend this conference and speak because of the fact that I had been with the Canadian delegation at the United Nations last fall and had spent six weeks with the committee dealing with trusteeships and mostly with African problems. The association now holds seven other seminars across Canada each summer and they bring together some of the best students in Canada to be taught about the problems of the United Nations. There is one held at Sackville, New Brunswick, one at Kingston, and at London, Ontario, one at Winnipeg, Manitoba, one at Fort Qu'Appelle, Saskatchewan, one at Banff, Alberta, and another at Vancouver, British Columbia. I concur that the association is doing an excellent job of making our young Canadians aware of world problems.

Mr. Crestohl: I think the remarks of the hon. member who has just taken his seat can really serve as an object lesson, and if the minister is having difficulty with treasury board perhaps they might attend a seminar like that and realize the importance of the United Nations in Canada.

Mr. Green: It might do them a lot of good.

Item agreed to.

85. Canadian government's assessment for membership in the international (including commonwealth) organizations that are detailed in the estimates including authority to pay such estimates in the amounts and in the currencies in which they are levied; amount required in Canadian dollars, estimated as of December, 1958, $3,838,519.

Mr. Crestohl: Mr. Chairman, I thought perhaps I might have made my remarks with regard to this item on item 1, but I find that perhaps they will be more appropriate under this heading. I think that our country should be a little more concerned than is manifest about the Suez canal difficulty which is interfering with world shipping. Canada is gradually becoming more of a chartering country than ever before. Our merchant marine is not as effective or as new as it was. We have pretty nearly disposed of our entire merchant marine and shipping companies I imagine are resorting more and more to the use of chartered bottoms for the shipping of Canadian goods throughout the world. I think it is an undue interference by any one country to dictate to other countries in the world who they can and cannot deal with, and I think the government should perhaps express itself on this question.

I think there is no necessity for anyone to discuss the importance of freedom of the seas, which is an important part of shipping rights. If this is interfered with, certainly our shipping capacity or our trade is interfered with; and because our trade is interfered with I think Canada should take some stand, either through the United Nations or otherwise. It is true that the secretary general is over there now attempting to iron out these things but I think the hand of the secretary general would be much strengthened if countries requiring the freedom of the seas and the use of the seas for their trade would express themselves. Perhaps some form of protest is being transmitted to which publicity is not given. But I feel that a country like Canada which has always championed the rights of free trade and the right of using the high seas should most certainly now take some stand. We depend upon the right to use the sea. We depend not only on Canadian vessels but upon foreign vessels and chartered vessels. I think we shall be seriously prejudiced if we do not speak up for them.

I have the feeling that our representative at the United Nations should be especially briefed on this subject. When there was difficulty in the Middle East it will be recalled that troops were withdrawn, peace was adjusted, and armistice was created, one condition which was that the Suez Canal and the gulf of Tiran would be kept free for shipping. There has been an invasion of that condition. I think that Egypt has not lived

up to her obligation as to which she gave a pledge to the United Nations. I am drawing this matter to the attention of the minister who, I realize, will be facing this problem now himself and urging him to take the stand, on the lofty level that our country has always taken, to see that right should prevail; that the freedom of the seas, above all, should be maintained; and that Canada's foreign trade should not be interrupted by the intransigence of any one country.

Mr. Green: The hon. member is quite right. We place great importance on freedom of the seas. Of course this applies in the case of the Suez canal. Canada has always taken the position that there should be free transit of that canal. At the moment the secretary general of the United Nations is in the Middle East and is endeavouring to get this difficulty ironed out. We are hopeful that he will have some success in this endeavour.

Mr. Crestohl: Has the government made its opinion known in this matter? Has it transmitted any protest to Egypt that it is in contravention of this undertaking to the United Nations?

Mr. Green: We have made it clear throughout all this diffculty that we place great importance on the right of free transit through the canal.

Mr. Pearson: As the minister has said, the secretary general of the United Nations is, I think in Egypt at the moment—Cairo, to be specific—doing his best to help to solve this problem. He is a man with great experience and great capacity in these matters and he has a very detailed knowledge of this particular problem, I am sure. As my hon. friend has pointed out, it is a very important problem, that one member of the United Nations should interfere with shipping through the Suez canal because that ship is carrying goods from another member of the United Nations, even though it may not be in a ship of that particular country. I am, of course, talking about Egypt and Israel. The grounds that have been given for that interference are, I believe that a state of belligerency still exists between those two states and has existed for many years.

I know as well as does the minister of the delicacy and difficulty and, indeed, the danger in this position. But I am impressed by the fact that if this interference continues these dangers will grow. I can only express the hope that the secretary general will find some way of solving this difficulty which, if it is not solved, may cause a good deal of trouble before the next assembly meets. Anything that the Canadian government can do to strengthen his hand in the efforts he is making I am sure would be well done.

Mr. Green: As the Leader of the Opposition has said, this is an extremely difficult position. It involves the steamship *Inge Toft*. We have been doing everything we could to help the secretary general arrive at a settlement of the difficulty.

The Chairman: Shall vote 85 carry?

Mr. Martin (Essex East): No. When I was speaking earlier, Mr. Chairman, I had casually mentioned the international court of justice and I had indicated that the president of the United States and the vice president, Mr. Nixon, had in the past few months made rather important statements with regard to the compulsory jurisdiction of the court and the position of the government of the United States in connection with this particular matter.

Since the end of the second world war, as compared with the situation that attended the court under the covenant, I think there has been a tendency—in which our country has participated—for countries to avoid opportunities of recourse to the international court of justice for the settlement of their disputes. I think that Canada ought to join with the United States in seeking to give this matter of compulsory jurisdiction at least further consideration, notwithstanding the attending difficulties.

Part of this problem, of course, is expressed in the reservations to the optional clause of the statute of the court as stated in article 36 of the statute, where states are permitted to submit to the jurisdiction of the court subject to certain reservations. In the case of Canada, in 1929 we made a declaration containing a number of reservations that perhaps have less relevance today than they had at that time. The situation under which we are prepared to accept the jurisdiction of the court is attended by certain reservations and certain conditions. We will accept the jurisdiction of the court where there is reciprocity, where there is ratification and where there is reservation as to a time limit. Then we also have made reservations as to other possible methods of settlement to which the parties have agreed to have recourse. Of course there is the reservation as to domestic jurisdiction and the reservation excluding disputes arising before the making of a declaration.

I suggest to the minister that I think the time has come to look at our position with regard to this situation, and to try and give the court increased status by giving it more to do. I think we might perhaps meet the problem involved in the domestic jurisdiction

clause by realizing that many matters of domestic jurisdiction now have become of serious international concern. In any event, I think that Canada ought not to be behind the United States in a matter of this sort. It does not mean that we have to make a final decision but we ought to make at least a pronouncement as strong as that made by the vice president of the United States, one which I think would give much encouragement to those who believe in the gradual building up of the processes of law and adjudication in international affairs.

Mr. Green: It is the first time that this question has come to my attention. It is under study in the department. I am not in a position to make any statement on it at the moment.

Mr. Martin (Essex East): Perhaps at eight o'clock the minister might be able to do so.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Pearson: At six o'clock my colleague from Essex East brought up what I consider to be an important question in connection with the use of the world court. I should like to support what he said and express the hope in doing so that this would perhaps be a suitable initiative for the Canadian government or a delegation of the Canadian government to pursue at an appropriate place, and I think the appropriate place might well be the forthcoming assembly of the United Nations.

Last April the vice president of the United States, I think at the Academy of Sciences at Princeton university made a speech which in my opinion was of considerable significance and in which he put forward this idea. It was a speech which obviously had the support of the United States administration because it had been referred to in approving terms by the attorney general and, indeed, the president himself has mentioned it. I should like to quote one paragraph from this speech:

We—

Meaning the United States.

—should take the initiative in urging that in any future agreements provision be included to effect, one, that disputes which may arise as to the interpretation of the agreement should be submitted to the international court of justice at The Hague and, two, that the nations signing the agreement should be bound by the decision of the court in such cases.

This means that in any international agreements which may be made in the future there should be a clause to the effect that the signatories of the agreement would be bound by the decision of the international court of justice with respect to any dispute which might arise with regard to its interpretation. That would be one step in putting international law behind international policy.

I know that if the United States puts forward a proposal of this kind at the United Nations it would be suspect in the sense that it might become mixed up in the cold war and power politics and all sorts of things like that. But if a middle power, a power with a reputation such as Canada has, felt that this was a good proposal and felt that it should be followed up and put forward formally at a United Nations Assembly, that might be a very useful thing to do.

Possibly there are arguments against this proposal of which I am not aware, and the minister may wish to say a word about that. I am not asking him, naturally, to make any statement of government policy at this time, but I am asking him to give consideration to this question.

Mr. Green: The points raised by the Leader of the Opposition and by the hon. member for Essex East, while they both deal with the international court of Justice, are quite different in context. I have the answer now to the questions asked this afternoon by the hon. member for Essex East.

There appears to be a rather widespread feeling that the international court has fallen somewhat short of expectations. This is not due to any lack of high qualifications among the 15 judges of the court, who represent the main forms of civilization and the principal legal systems of the world. Rather, this feeling seems to stem from the fact that in the past 13 years there have been only 30 contentious cases submitted to the court and many of these have been stricken from the list due to objections made to the court's jurisdiction. We should, of course, remember that during this same period the international court delivered 10 advisory opinions. It is none the less difficult to dispute the fact that the machinery of the court has not been sufficiently employed either by the United Nations or by the member states themselves.

Recently, there have been signs of a resurgence of interest in the court's work. In the United States there have been suggestions by the United States attorney general, the vice president and by President Eisenhower himself that the United States should re-examine its relationship to the international court, particularly as regards the domestic jurisdiction reservation attached to its declaration accepting the compulsory jurisdiction of

the international court. This reservation excludes disputes with regard to matters which are essentially within the domestic jurisdiction of the United States as determined by the United States. Now, that is a very big reservation which was made by the United States.

Canada does not have a reservation of this kind. The Canadian declaration accepting the compulsory jurisdiction of the international court excludes disputes with regard to questions which by international law fall exclusively within the jurisdiction of the dominion of Canada. In other words, we leave it to the international court to decide whether it has jurisdiction in any particular case and we do not reserve to ourselves the determination of whether the matter falls within domestic jurisdiction. It is to be hoped that in the future more and more states will come to accept the compulsory jurisdiction of the court with a minimum of reservation.

With regard to the aspect raised by the Leader of the Opposition, this proposal is being studied in the department at the present time. It brings up a number of different considerations, and the officials are not yet in a position to make any recommendation as to what the attitude of Canada should be. But it is a very hopeful sign, as the Leader of the Opposition points out, that the United States is apparenly planning to move for the strengthening of the jurisdiction of the international court and we shall certainly go into the whole question very carefully. If there is some change that can be made which will strengthen the court and help dispose of some of these disputes, the Canadian government would certainly be in favour of such a change.

Mr. Martin (Essex East): I do not rise again to provoke further comment by the minister. It is apparent that the administration is giving consideration to this matter which has been further emphasized by the observations of the Leader of the Opposition. But I do feel so keenly about this particular question and the court generally that I beg leave to say one or two words more.

I am sure that in the processes which are evolving toward the building of international organization it will be recognized that the judicial process is an important one. But if the court has fallen short of expectations, as the minister has just indicated, I think there are reasons other than those he has enumerated. I regret, as one who has followed the procedure of the court both as presently constituted and as it was under the covenant, that I must say that while Canada has been careful in the nominations she has made to the court, that cannot be said for all other countries. Canada, of course, had a nominee of her own on that court for nine years in the person of Mr. Justice John Reid, formerly head of the legal division in the Department of External Affairs. There have been some great jurists on the court, men such as Sir Arnold McNair and Professor Basdevant. Obviously I am not going to name individuals but anyone who has followed these matters knows perfectly well what I am talking about.

If the court has not been seized with more cases—the minister has mentioned 30 in all and 10 advisory opinions—the reason for it is that a number of decisions of the court —and this is certainly not an overstatement —have had more of a political than a judicial character. The fact that there have been only 10 advisory opinions in a period of 10 years compared with the number of advisory opinions of the older court is an indication that what I am saying is apparently at least worthy of examination.

It may be that at first glance the argument I am now putting forward is an argument against too active consideration at this time of the removal of the compulsory jurisdiction clause. I do not believe that is the case because the removal will not take place forthwith. If we could give some leadership along the lines we have suggested, that together with further emphasis on the desirability of a high calibre of members on the court, will I think strengthen that body. It is noteworthy that students of international law complain bitterly along the lines I have indicated in these few words.

There is one further observation I should like to make on another matter altogether which comes under this item and that is that in the likelihood of a summit meeting or a series of summit meetings, meetings which possibly will be outside the United Nations as such, there is a strong argument for these meetings possibly taking place at the United Nations. Anything that gives additional authority and prestige to the United Nations is, I think, desirable. The meetings in 1954 arising out of the Geneva conference did take place in Geneva at the United Nations building. I simply express the hope, that now that Canada must become reconciled to the fact that the Prime Minister's invitation for the holding of the summit meeting in Canada will not bear fruit, it might be desirable for the minister to give consideration as to what steps Canada could take toward clothing the United Nations with this additional prestige. "Prestige" is hardly the word because the United Nations itself has acquired prestige by its great accomplishments. While all matters having to do with threats to the

peace or with the maintenance of the peace need not necessarily be dealt with under the direct aegis of the United Nations, it seems to me that as much as possible matters of international concern should find a place for discussion within the precincts of the United Nations either in Europe or New York.

Mr. Green: The situation is not quite as the hon. member has suggested in that there have been no decisions made as to where a summit meeting would be held.

Mr. Martin (Essex East): I know.

Mr. Green: The holding of such a meeting in Canada has not been ruled out at all.

Mr. Martin (Essex East): I am sorry, I did not know that.

Mr. Pearson: Mr. Chairman, I have a few observations I should like to make on the United Nations aspect of this vote. Perhaps I might add to what my colleague the hon. member for Essex East has just said in support of bringing the United Nations into the summit conference to the maximum possible extent. I know the difficulties on that score but I hope they can be overcome and I hope that the secretary general of the United Nations himself could be associated in some way with a summit conference of that kind.

As the minister said in his statement this afternoon this kind of conference is desirable. Perhaps it would have been a good thing if we could have held it a year ago. We would not have had so much talk about it now. I believe it was Earl Atlee who said the other day that he was all for conferences —on the summit, on the slopes, or even on the level—and perhaps they are not always any easier on the level than they are at the summit.

Mention was also made this afternoon of the possible relationship of the United Nations to the Berlin difficulty. That difficulty will again be on the agenda next week at Geneva. The minister said this afternoon there are western rights in Berlin which must be protected. We all agree with that, but the problem is how are these rights going to be protected without causing trouble? How are they going to be maintained in the circumstances in which we find ourselves provided that those who are anxious to weaken or destroy them take steps to that end? And while the United Nations has no direct relationship to this particular problem, and while the secretary general as one would expect has been extremely cautious in any observations he has made—I think confining those observations to the willingness of the United Nations to take any action that is required of it as a result of a four-power agreement—it may well be that in some form or other, if a deadlock is reached the United Nations will have to be brought in, perhaps through the secretary general again who is a great international trouble shooter, in a form which will make it possible to resolve that dilemma.

There are one or two other United Nations matters which the minister talked about this afternoon. He mentioned the progress that had been made at the Geneva conference in regard to nuclear tests. I confess that that progress has not really been very encouraging though perhaps if there is any progress at all we should take some encouragement from it. The minister expressed the hope that the technical findings which had been agreed upon there might facilitate political agreement. It is not perhaps a matter now for technical findings but for political agreement. I am not sure whether technical agreement, important as it may be, will facilitate political agreement unless there is a will to agree and if there is not a will to agree on this particular problem of nuclear tests, how can we take much hope out of other negotiations for broader progress in disarmament?

The minister mentioned, I think, that 17 articles of a draft treaty had been agreed upon. He knows what the 17 articles are. Most of them, I should think, are the articles that matter least. That would be the normal course of things. There are articles you agree on first and you reserve the difficult ones for later discussion.

This leads me to the subject of disarmament generally which is also in a rather discouraging situation at the United Nations because as a result of all the talk and all the negotiations and all the efforts of the last 10 years we have now reached the position where the agency for further progress is a committee of 83 members of the United Nations. One would have to be very optimistic indeed to get much comfort out of that alteration from a small committee to one of 83 members.

It seems to me that the situation which has resulted in the constitution of this committee of the whole—because that of course is what it is—is one that we should do our best to avoid in the future. The minister knows that the difficulty has been over the kind of balanced representation which the communist bloc at the United Nations will accept and which will also be acceptable to the United States and the western delegations.

There has been a strong effort made by certain of the delegations on the western side in the United Nations to make sure that all the representations should be on a kind of proportionate mathematical basis as a result of which there would always be a predominant majority of non-communist powers. That,

of course, is perfectly reasonable in terms of mathematical representation at the United Nations. But it has resulted in a disarmament committee of 83, and it has also resulted in an outer space committee on which the Russians and their friends will not sit—and indeed where the Indians, as the minister pointed out, will not sit—because the communist delegations have felt they were not given adequate representation. Surely, it is more important at this stage to get general participation in this effort than to worry too much about the exact mathematical proportions of representation on all sides. I throw out the idea to the minister for consideration, whether in the future it might not be a reasonable position for a delegation to adopt, including the Canadian delegation, in order to avoid this kind of deadlock.

The reasonable position is that in principle representations on these United Nations committees, which have a definite political significance, as so many of them have, should be divided, one-third, one-third, one-third—one-third from the western side, one-third from the communist side and one-third from the uncommitted side. There will be very strong objection levelled at that kind of proposal from certain delegations at the United Nations and it does not reflect, I realize, the feelings of the membership of the assembly at the present time, but it is a very reasonable reflection of the division of the world into three camps, the uncommitted camp, the communist camp and what we call occasionally a little loosely the free world. Perhaps the time has come when it is more important to accept that kind of agreed representation in numbers than to set up a committee, one so important as a committee on outer space, which is now working and working very effectively within the limits imposed on it by non-participation of the Indian and the communist states. Perhaps it is more important to get those states participating than to insist on that absolute mathematical proportion of membership which we found so desirable in the past to insist upon. I do not know whether the minister would like to say something about these points before I go on to another matter.

Mr. Green: I think I dealt with most of them in my remarks this morning.

Mr. Pearson: The minister also mentioned this morning something about a permanent stand-by force at the United Nations, a matter which was on the agenda of the United Nations assembly last year, as he pointed out, because of a report of the secretary general. This is a matter on which no progress was possible then for reasons which I think were mentioned in some detail last April when we discussed this matter.

The minister has pointed out an objection to pursuing this question at the present time. In that connection he mentioned that the secretary general himself, who has had a great deal to do with this, of course, has expressed some doubt as to the practicability and the desirability of pushing this issue of a permanent United Nations police or peace force, or stand-by force, whatever you want to call it, at this particular time. The argument that has been advanced not only by the secretary general but by others is that the circumstances which might arise might be of such a character that it would not be possible to organize and constitute a permanent force which would be suitable for all those different situations.

I do not think myself, Mr. Chairman, that that is a very impressive argument. I am not thinking of a United Nations permanent stand-by force which would be trained to meet every emergency which might arise but I am thinking of a United Nations permanent stand-by force which would be on the job ready to go into action if a situation arose which would require that kind of intervention. I have often asked myself in the last year or so what might have happened if we had had that kind of permanently organized and trained and equipped United Nations peace force at the time of the Hungarian uprising. If action could have been taken at the United Nations assembly at that time by a two-thirds majority of the assembly—and I think it would have been possible to get that two-thirds majority—which would have resulted in sending to Hungary a couple of thousand or 1,500 men who would have represented the United Nations as an international force which had been dropped there, if they had gone there, it would have been infinitely more difficult, I think, for any invader or aggressor from the outside to ride roughshod over the freedom fighters in Budapest.

I hope it will be possible in the future to organize and have ready that kind of contingent, ready for action in the various nations which subscribe to the force which could be called upon because they would have made their contingent available in advance. I hope it will soon be possible to have that kind of contingent in being.

When the secretary general put forward the objections which he did, as I understand them—there is a far greater objection, of course, which he has not mentioned because he is a servant of the United Nations and the United Nations consists of 83 members—perhaps the basic objection is that from the communist powers, who insist that this kind of thing would become the agency of what they call the imperialist powers. That is the

reason why when this proposal was made at the last assembly and put forward by the United States it got such a very cold reception in certain quarters and that is why a country like Canada, middle powers like Canada, can take the initiatives in this field which are not open to the big powers. I have already made the suggestion that if it is not practical at the present time to make progress of this kind at the assembly, and it may not be because I know of the difficulties—no one wants to break up the United Nations because of division over this kind of thing—if it is not possible in this way perhaps it would be possible for certain middle powers, six, seven, eight, nine or ten of the status and stature and reputation of Canada to get together and see whether they could not work out some agreement by which they would themselves, through an international agreement binding only on themselves, equip and train certain contingents for international service which would be available to the United Nations if a United Nations assembly resolution was ever passed to call on them for that service. That is the kind of initiative, perhaps, that Canada could take, Mr. Chairman.

Mr. Churchill: Would this be an armed force?

Mr. Pearson: It would be a para-military force, I think, a police force which would not have heavy equipment, or anything like that, because this kind of force would be of no use whatever if any country wishes to declare war, or go to war openly against any other country. It would only be of value, —but I think it would be of great value— in policing armistice arrangements, in patrolling disturbed areas such as they are doing now in the Middle East. They could symbolize the United Nations presence when a government of the United Nations wishes to have some kind of United Nations presence on its territory. For instance, when the king of Trans-Jordan thought himself in great danger a year or so ago he considered it a help to have a United Nations presence there on the spot, and they are still there; and it might well be that some one country finding itself threatened could ask for this kind of United Nations intervention. Whether the men would be armed or not perhaps is not so important. They certainly would have side arms; they are not likely to have anything else but they would be there available on the spot. They would be serving under the blue flag of the United Nations. They would represent the international conscience and by their very presence in a disturbed area they might hinder an aggressor's intention. If however an aggressor did decide to move, well, the die would be cast and the United Nations could not do very much about it. But that other would be the main purpose for a contingent of this kind.

While it may be difficult to make much progress in this matter at the present time, I think this is an objective which is worth pursuing and I think it is one that perhaps the Canadian government can pursue as effectively as any other member of the United Nations.

Mr. Argue: Mr. Chairman, very briefly I want to say that the remarks of the Leader of the Opposition are constructive remarks to which the new Secretary of State for External Affairs should give very serious consideration. I think Canada's position in international affairs has been growing in prestige over the years and, with the exception of some recent temporary setbacks, Canada's influence has been growing. If I can judge the mood of the Canadian people they are far more inclined to support action by the United Nations and by a police force than they are action even by such a group of powers as the NATO alliance. Therefore I think this is an opportunity for Canada to give leadership to the world.

We should not only say to the United Nations and campaign in the United Nations for the creation of a permanent police force to which Canada would make a substantial contribution but I think we should go even further. Although this further step might be considered only a gesture, although it might be considered rather impractical at this time, I think it would create a real impact in the world if a middle power such as Canada, a power that is identified with the west, a power that shares the northern regions with the Soviet union, were to announce by way of a national policy that Canada was prepared to place all of her troops and armed forces at the disposal of the United Nations for such a police force.

I am hopeful that the day will arrive when national armaments can be cut back, indeed that the day will arrive when nothing more than a national police force will be necessary and that national armed forces and national defence as we now know it may become a thing of the past. As the Leader of the Opposition has said, such an Atlantic Nations police force could not withstand a nuclear attack or attack by a major power. It seems to me that in this day and age defence against nuclear attack is becoming more and more difficult. That being the case, an international police force comprising defence forces having at their disposal in the main or perhaps exclusively conventional weapons is an important need to protect the world against brush fire attacks, as they are called, and is also important as a gesture to all the nations

of the world that collectively the United Nations is prepared to defend the peace.

I view with great misgiving any decision by the Canadian government to permit nuclear and thermonuclear weapons within Canada, and I think this kind of gesture by Canada, this kind of idea advanced by the new Secretary of State for External Affairs would be the type of bold and imaginative action that might receive far more support at this time than we might expect. Canada would be taking a leading and forthright position by saying to the world that we are prepared to forgo national unilateral defence if our armed services and defence budget can be used by the United Nations to constitute part of an international police force.

Mr. Pearson: Mr. Chairman, in other days, whenever there was a statement made by me on external affairs, the present minister always began his observations by reproaching the minister of that day for not saying anything about Pacific security. He used to say that we had a phobia about Atlantic security but when it came to the Pacific we were cold and silent. I used to spend a good deal of time defending the policy of the government then in respect of Pacific security, and the present minister used to say, "Well, why does Canada not join the southeast Asia treaty organization or ANZUS?" I was somewhat surprised this afternoon that the minister spent little time on Pacific security. I wonder whether he would like to say a word about the two organizations and whether our policy in this regard is likely to be changed in the near future.

Mr. Green: This is another example of one's sins finding one out. However, one of the great attractions to me in being Secretary of State for External Affairs is that at long last I am able to do something to look after the Pacific.

Mr. Pearson: Inasmuch as the minister has had years to think this out he must know exactly what he wants to do, and I wonder whether he would tell us at long last what he is going to do.

Item agreed to.

88. Canadian government's contribution to the United Nations special fund in an amount of ;$2,000,000 U.S., notwithstanding the payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $1,931,250.

Mr. Pearson: Would the minister say something about vote 88 because it is a contribution of nearly $2 million to a new and very important development, the United Nations special fund?

[Mr. Argue.]

Mr. Green: Mr. Chairman, the United Nations special fund, the establishment of which was decided by the twelfth general assembly, will begin operations in 1959. The new fund is designed to assist projects in the fields of resource surveys, technical training, demonstrations, education, public administration, etc. The fund will concentrate on relatively large projects so as to avoid undue dispersion of its resources. It will be controlled by a governing council which will consist of 18 states elected from members of the United Nations and its specialized agencies and will provide for equal representation of economically more developed countries and underdeveloped countries. Provision has been made for a close working association with the international bank.

The United States is prepared to give up to $38 million to ETAP and the special fund taken together, on condition that the United States contribution is not more than 40 per cent of the total pledged to both programs. United Kingdom authorities have in mind a contribution to the fund equal to approximately 7 per cent of the fund's total resources, that is, $2.24 million if total contributions amount to $30 million. The Netherlands are pledged to make a contribution of $2.4 million, while the contributions of France and the Soviet union will be of the order of $1 million each. Italy has pledged $1 million to be divided between ETAP and the special fund. Japan has pledged $480,000 to the special fund. Some of the pledges contain matching provisions. Cabinet decided on September 30 that, subject to the approval of parliament, Canada will contribute $2 million U.S. to the special fund in 1959-60.

Mr. Pearson: How is the fund to be organized? Is there to be a special agency or special organization set up by the United Nations? Is there a director of the fund appointed yet? How is it to be administered?

Mr. Green: Apparently this is a separate entity, but not a separate agency. It works very closely with the international bank under the guidance of the general assembly, and there has been an administrator appointed, Mr. Paul Hoffman, who was director of Marshall aid. Actual operations under the fund commenced a week ago.

Item agreed to.

89. Contribution to the United Nations children's fund, $650,000.

Mr. Pearson: All I want to say about vote 89 is that I cannot think of a better way of spending $650,000 in the discharge of our international obligations.

Item agreed to.

North Atlantic Treaty Organization—

90. Special administrative expense including payments of remuneration, subject to the approval of the governor in council and notwithstanding the Civil Service Act, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization), $60,245.

Mr. Pearson: Vote 90 deals with the North Atlantic Treaty Organization and perhaps this provides an opportunity for me to say a word about the organization and perhaps ask the minister a question or two. There is no need for anyone in this committee to elaborate on the importance of this organization, both in a military and nonmilitary way. The minister told us about that this afternoon. But I think that anyone who appreciates, as we all do, the importance of NATO and who reflects on what might have happened to the western world if NATO had not been founded 10 years ago, must worry about some of the developments that are now taking place which, on the face of them, and with the information that is available to those who have not other sources of information, seem to threaten the vitality and development of the organization.

There is bound to be, of course, difficulty in the development of an organization of this kind. Perhaps we get a little too impatient and we think that in 10 years we should do that which has not been done in hundreds or thousands of years before, the building up of a collective organization not only for security but for nonmilitary purposes. In the context of history, we have undoubtedly made progress but I worry, as I am sure other hon. members worry, that we may lose some of that progress. If we do not move forward in NATO, we are not going to stand still and undoubtedly we will move backward.

Some of these things that worry us have come to a head, for instance, as illustrated in the decision made yesterday and which was announced in the house today, of the withdrawal of United States NATO squadrons, on orders of the NATO commander, from the NATO airfields in France to airfields out of France because of a dispute between France and the United States over the control and possession of nuclear weapons to be used in an emergency by those squadrons or to be used perhaps from those air bases in the form of missiles. I think the minister referred to this matter as one of vital concern when I asked him this morning in the house whether or not there had been discussions about it in the NATO council, as I expect there had been, and he said there had been.

It certainly is a matter of vital concern. I wonder whether it would be appropriate for him to say anything about the Canadian view in regard to this decision of the NATO commander, and in regard to the questions which made that decision imperative in the eyes of General Norstad. We cannot forget that as these United States squadrons move out of France, I think it is nine Canadian squadrons that remain on French NATO air bases. If this dispute is not settled in a way which is satisfactory to France, the possibilities of further damage to the solidarity of the alliance are considerable. Surely, therefore, it is of the greatest possible importance that this kind of dispute should not arise again, and that some arrangement be made for the care, control and supervision of nuclear tactical weapons if they are to be used by the NATO powers.

Then, there is another matter, not so immediate and not so dramatic a danger, in what I think is the growing pressure on the collective system of considerations of national prestige. I sense a departure from the collective attitude of 10 years ago and an emphasis on returning to national control, national sovereignty over national forces. If that kind of thing continues, in the long run it will be an even greater threat to NATO than any particular dispute of the kind which I have just mentioned.

There is, too, the development of political consultation. Perhaps it is not fair to ask the minister too many questions on this because I realize he has just taken over this portfolio and it takes a little time to get into these things. If he feels these questions are not quite fair, he will naturally avoid them.

Mr. Green: No, go ahead.

Mr. Pearson: I should like, if he has the information, to give me his impression of the development of political consultation inside the NATO council. I think progress has been made in that regard in the last year. I hope it has. I hope that all these questions of Berlin, nuclear warfare, and all the rest of it, a summit conference and everything else that concerns the NATO countries, are discussed in a NATO conference before the United States and the United Kingdom make up their mind. Because consultation, if it means anything at all, does not mean the United Kingdom and the United States going into the council and telling other members what they have decided. It means the representatives of these countries going into the NATO council and saying, this is the problem; how do you think we should deal with it?

I should like to think of that kind of consultation developing in NATO, because if it does not, then as a political agency NATO will weaken and as the atmosphere of crisis disappears, NATO will disappear with it.

Finally, there is the question of economic co-operation, not inside NATO itself because NATO perhaps is not the right agency to act for its members in respect of economic questions. However, if economic matters develop in Europe in such a way that we have two European economic groups and a North American economic group, and economic conflict develops between those groups, or if nonco-operation develops between those groups, then NATO as a political and military agency is going to feel the effect of that development. It will weaken the organization.

Those are the three main dangers, as I see them, which confront this essential collective security organization at the present time. There is the military threat because of the tendency now to split apart rather than to come together, and look after our own defences. This tendency was also illustrated a few months ago when the French government felt it necessary to take part of its Mediterranean fleet out of NATO control. I do not criticize the French for that because the major part of the British fleet and the major part of the United States fleet are not under NATO control.

If we criticize the French for that, we should remember that the whole question of our continental defence was taken out of NATO control or, indeed, was never under NATO control. The French probably thought of that when they began to make their own adjustments in the Mediterranean. So there is this military danger to collective action, there is the political danger of nonco-operation and then there is the economic danger of conflict between the two European economic areas which may be developing and a North American economic area which may be separating from Europe. I do not know whether it is asking too much to ask the minister at this time to say something about this matter but I will do so just the same.

Mr. Green: I think the Leader of the Opposition is unduly pessimistic with regard to NATO and the activities under that alliance. I have, of course, only been in a position to read the dispatches for about the last five weeks but I can say there is close political consultation in the permanent council of NATO on which our Canadian representative is very active. For example, the council has been following closely the activities of the conference at Geneva so that it may be in a position to give assistance or give advice and also to keep the respective governments aware of the trends.

I see no sign of the disintegration of NATO. We all understand that if there were to be such a disintegration it would be disastrous not only for Canada but for all the other nations which are in the alliance. It is true that from time to time difficult problems arise, and the one raised by the Leader of the Opposition on the orders of the day this morning is a difficult one. However, I do not consider that it would be of much help in the solution of this difficult problem for me as the foreign minister of Canada or, for that matter, for the other foreign ministers to start placing blame or being critical. In these questions I have found that there are always two sides, and sometimes more. Of course, that statement applies to domestic issues as well as to issues in the foreign field. However, I can assure the Leader of the Opposition that this government has done and will continue to do everything possible to assist in getting these problems ironed out. As hon. members know, we even have problems in Canada between ten provinces. The hon. member for Bonavista-Twillingate is an expert on problems of this sort. Wherever there are human beings trying to work along together, I suppose there are bound to be problems.

With regard also to co-operation in the economic field, I think there is no reason for discouragement. Two or three weeks ago we had a visit from the presidents of the three European communities. To me it was quite startling to realize to what extent these six European nations had been able to work out methods of co-operation, especially the French and the Germans. I found it almost beyond comprehension when I learned of the extent to which they have gone in working out methods for co-operation. We have had reports here this afternoon from two of the members of the house who attended the Atlantic congress. They have reported that the meetings of this conference were highly successful and that is the opinion of the government. The whole trend is toward more co-operation.

I realize that the Leader of the Opposition is wise in drawing these dangers to the attention of the government. I can assure him that we have them very much in mind. I do not think there is any difference between our objectives and the objectives which the Leader of the Opposition has in mind. I should not like to have the impression go abroad in Canada that the NATO alliance is faltering or that it is in danger of breaking up. I do not believe such to be the case. I think that this second ten years of the alliance will see even greater strides made than was the case in the first ten.

Mr. Pearson: I should merely like to say that I am glad to get the minister's reassuring

statement. I would not wish him or the committee to think that I myself have felt that the alliance was disintegrating or breaking up. I hope I did not give that impression. I said that there were pressures against the alliance that were becoming noticeable, as was inevitable in the development of any alliance. Indeed, one of the reasons why some of us have been worrying about this matter is the speech made by the secretary general himself. I refer to the one which he made in London in which he pointed out that there were these problems, difficulties and pressures. It is just as well to recognize them so that we can do something about them and make the alliance stronger by meeting these difficulties before they become dangers.

I am glad the minister feels the way he does. I am sure there is no difference between the government and us on this side in our general determination to make this North Atlantic Treaty Organization work not only for defence but for the development of the Atlantic community.

Item agreed to.

92. Further contribution by the Canadian government towards the cost of constructing the North Atlantic Treaty Organization permanent headquarters in an amount of 54,072,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December 1958, which is, $124,420.

Mr. Pearson: Can the minister tell us when these headquarters will be completed? I know their construction has been a long and difficult operation. Is this the last vote we shall need for this purpose?

Mr. Green: Yes. It is hoped that these headquarters will be completed in October.

Item agreed to.

International joint commission—

96. Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman at $17,500 per annum, $112,124.

Mr. Pearson: The minister I think mentioned the work of the commission in respect of the Chicago diversion and the Columbia river references. Is there anything more he can add to what he said? It is one of the most important matters before the country now. Can he elaborate on what he said about the Columbia river reference?

Mr. Green: As the Leader of the Opposition knows, the government in January or, as a matter of fact, early in December decided that the practical thing to do in order to reach some agreement with the United States about the development of the Columbia river was to have a reference made to the international joint commission for the working out of the problem of downstream benefits or, in other words, what compensation should be paid to Canada for storing water in the Columbia river north of the boundary. We suggested this procedure to the United States government and they agreed and, as I outlined in my remarks this morning, a reference was made to the international joint commission. Since that time they have been holding meetings to deal with this subject. We have been able to bring about the close co-operation of the province of British Columbia which is directly involved because it has control of the water, the dominion having control over the projects that are put on the river because the Columbia is an international river and there was an act put through the house some years ago giving the dominion a licensing control over such projects.

Considerable progress has been made in the course of those discussions, and as a matter of fact I believe that today General McNaughton and other members of the commission are meeting to study reports which have come in from their technical advisers and to further work out terms for an agreement in respect of the downstream benefits. In addition to that, the Department of External Affairs has been working with the state department of the United States on the terms of an overriding agreement which will have to be signed once the downstream benefit problem has been settled.

This is a great project. I believe that the power possibilities of this co-operative development are a great deal larger even than those of the St. Lawrence seaway. So we are not dealing with a small question at all. This is of vital importance to Canadians who live in the province of British Columbia and also to Americans living in the northwest states. I am confident that we shall reach agreement and that eventually these projects can be undertaken. It is the policy of the government to assist the province of British Columbia in the construction of projects on the Columbia river in Canada. Not only does it mean a tremendous development in Canada but it will be another example, like the seaway project, of co-operation between the two nations resulting in great benefit to the peoples of both. It looks as though it will be possible to reach a satisfactory solution in respect of this question.

Mr. Herridge: As one who comes from the district of the Columbia I listened with great interest to the minister's résumé and report of happenings in connection with the discussions on the Columbia since the end of last year. I want to congratulate the government on taking the course of action they have in resuming the discussions. The report

of the discussions and of the developments to date is one which is of great interest. I assume it is true to say that the discussions have been proceeding satisfactorily.

Mr. Green: That is right.

Mr. Pearson: The minister has given us an encouraging report on this very important matter, and if these negotiations work out satisfactorily, as we all hope they will, no doubt a great deal of the credit will be due to the persistence, determination and energy of General McNaughton who has worked so hard and so efficiently in connection with this operation. It is true that an agreement has been reached on a 50-50 division of downstream benefits, or is that matter as yet undecided?

Mr. Green: There has been no questioning a division along those lines. The problems arise in connection with the cost of installations and the cost of additions to existing power plants below the border, and who is to pay for transmission lines carrying the power which is given in the form of downstream benefits, back to the Canadian border. There are various other questions of this kind which get too deep for politicians and have to be digested by the engineers.

I am very glad that the Leader of the Opposition mentioned General McNaughton. He is in charge of these negotiations for Canada, and has been doing a splendid job.

Mr. Martin (Essex East): May I ask the minister if he could tell us with regard to the Chicago water diversion what is the situation in the United States regarding the suggestion, or the steps which have been taken, for the judicial determination of the rights which the corporation of Chicago has sought to exercise as to the waters of lake Michigan? What is the status of the proposed judicial proceedings at this moment?

Mr. Green: I have not the answer to that question available at the moment. I will be very glad to get it.

Mr. Martin (Essex East): I can very well understand the minister's immediate problem. I heard him say, when talking to his officials: "Was that not a matter of legislation?" It is true that there have been bills before congress with regard to this matter, some involving presidenial veto, but as the legislative process is not likely to yield results for Chicago there was a suggestion made that the matter might be referred to the supreme court of the United States for an advisory opinion. What I wanted to indicate to the minister was this. If that does eventually come about—if it has not already done so—I take it the Canadian government would object to a procedure of this kind because we could not possibly be bound in a matter of this sort by a decision handed down by a court in the United States. The only effect such a decision could have would be on the nationals of the country in which the court resides and it would, I think, be an occasion of international discourtesy if any attempt were made by the United States to have the problem resolved in that manner.

Mr. Green: The hon. gentleman can rest assured that the government will be watching any movement of this kind. I have received the answer to his question. There are two issues before the United States courts in connection with this Chicago diversion, but they are comparatively minor matters and they do not affect Canadian interests at all.

Item agreed to.

Special—

98. Colombo plan, $50,000,000.

(Translation):

Mr. Deschatelets: Mr. Chairman, I wish to make a few remarks with regard to item 98 which deals with the amounts of money to be voted for the Colombo plan.

I find that this year the government is suggesting an increase of $15 million in the sum voted last year, that is a sum of $50 million in all, when last year there had also been an increase as compared to the year before.

This item, Mr. Chairman, is extremely important, not only for the underdeveloped countries concerned, but also for the western nations. Those amounts are as important to us as any expenditure with regard to national defence, for this is an aspect of national defence and I should, for my part, welcome this item being transferred to national defence estimates, because Canadian citizens would more readily understand why we are asked to vote so large an amount.

Let us not forget that communist designs, at least for the present, operate at the social, economic and political levels more than on the military level. When we help out underdeveloped countries living under a democratic system, we are fighting communism in the most significant field and by the most efficient means. As far as the needs of underdeveloped countries are concerned, it would, I think, be pointless to speak lengthily on the subject. Yet, I believe it might be valuable to read a few lines from a speech on the needs of underdeveloped countries, by a member of the legislature of West Pakistan

who on December 7, 1958, in New Delhi, expressed the following opinion:

(Text):

But as things stand, the inequality in economic development in the countries forming the commonwealth is so glaring that, in the present day context, it can by no means be viewed with equanimity. The population of the five old commonwealth countries—United Kingdom, Canada, Australia, New Zealand and South Africa—numbers about 75 millions and the population of the five new commonwealth countries—India, Pakistan, Ceylon, Ghana and Malaya—plus British dependencies numbers about 490 millions. This latter figure comprises mostly peoples of Asiatic and African origin. The average income in the five new Asiatic and African countries is less than £25 sterling per annum and the average income in the older countries is not less than £250 sterling per annum. The diet in poor countries is deficient in quality as well as quantity. People live at a subhuman level of squalor and poverty—undernourished, underclad and living in the most unhygienic conditions. The result of undernourishment is that health in poor countries is undermined by disease and capacity for hard work is lost, minds are stunted and lives are shortened. A baby girl can expect to live for 32 years if born in Calcutta or Karachi and 71 years if born in London.

(Translation):

However, Mr. Chairman, we must understand that, if the needs of underdeveloped countries are unlimited, our ability to pay is unfortunately not so. As a matter of fact, I think it seems that those needs will only continue to increase until those countries manage to become industrialized. I therefore wonder if the help we are now supplying them under the Colombo plan— I wonder whether it would not be possible—

(Text):

I wish to direct a question to the minister. Would it not be possible within the organization of the Colombo plan to establish a committee that would examine the possibility of encouraging foreign investment which would be a means of extending governmental help? I do not know if this has been done but the need is great and if it were possible to bring private investment to these countries it would be of vast assistance to everybody concerned.

Mr. Chairman, I have a final question. Would it be possible for the minister to give us a breakdown of figures representing the contributions of various countries participating in the Colombo plan, for last year, for example? I do not want to say anything more at present and I would be happy if the minister could answer my two questions.

Mr. Green: Mr. Chairman, the question of helping provide funds for the development of these countries would really be a matter of private investment. The Colombo plan is a government plan and is not designed for actually putting up the money for private construction in these countries. It is an arrangement between governments.

The second question as I understood it was for the amounts that had been expended by each country contributing under the Colombo plan. I find that those figures are not available at the moment, one reason being that some of the countries contribute in sterling while Canada contributes in dollars. Apparently there has been no table worked out to show how each country is contributing. Canada's total expenditures to March 31 of this year have been $231 million. The contribution of the United States amounted to $2,676 million.

Mr. Pearson: Mr. Chairman, I should like to say a word about this vote for the Colombo plan which represents an increase of $15 million bringing our contributions next year up to $50 million. I can assure the minister there is no objection on this side to that. I believe it is a good move. As the minister knows, the Colombo plan is a plan for technical and capital assistance to the countries receiving help under the plan. It has been a great success and one reason for this is that there has been co-operation between the receiving and the giving countries. There is no feeling of give on the one hand and take on the other. As far as I know, everyone has worked together, and I hope we can keep it that way.

Another reason for the success of the plan surely has been that it has been a capital and technical assistance program. But it seems to me—and perhaps the minister will have something to say about this—that the plan is becoming increasingly, as far as Canada is concerned, one for the donor country to give consumer goods to the receiving country. I would like to know what the figures are in that respect for the current year. I think the minister mentioned some of the figures in his statement this morning. If this program becomes one for surplus disposal of agricultural products it will not be fulfilling the objectives of the plan as it was conceived in the agreement in the first place.

I frankly realize that in other years consumer goods have gone to Asian countries under the Colombo plan; but in the cases where that happened there was a real need in the sense that there was a famine or something of that kind, or there was a strong request made by the receiving countries for the assistance given to take that form, and which resulted in every case in counterpart funds being set up in the receiving countries. But if we as a donor country take the initiative in persuading—perhaps the minister will tell me this is not being done—but if we take the initiative in that regard in persuading the receiving countries to take surplus wheat, surplus flour, skim milk or even dried

codfish, then we are not, I suggest, carrying out the original purposes of the plan.

I am not opposing the gift of those consumer goods to countries in Asia that need them. That is quite a different question. Perhaps we can do this in some other way, but I am questioning the use of the Colombo plan as a mechanism for surplus disposal of agricultural products unless that is a real need in the receiving countries, unless it is as the result of a strong demand from those receiving countries that the assistance should take that form. The minister knows that it is a capital assistance and technical assistance program and I hope it will be kept that way. In connection with the Colombo plan, will the minister tell me how it is being administered at the present time in Ottawa? Have there been any changes? Who now lays down the policy which governs what form the Canadian contribution will take?

Mr. Green: In Ottawa the policy is worked out by an interdepartmental committee on which the main departments represented are trade and commerce, finance and external affairs.

The Leader of the Opposition has been somewhat critical about the fact that a portion of the contributions to the Colombo plan has been in foodstuffs. Apparently this has always been the practice. For example, wheat has been given often in times when wheat was scarce in Canada, and we have given wheat both within and outside the Colombo plan. Furthermore, there is a real need in at least some of those countries for meeting the pressure of expanding population on the food supplies. Always the goods supplied are to be provided and worked out by agreement. I think the receiving countries appreciate the situation in which Canada finds herself, just as we appreciate the situation in their countries, and in each case it has been possible to work out amicably an agreement as to just what would be supplied under the Colombo plan. Further, when wheat is supplied, I believe the usual practice is that it is sold domestically by the country which receives it, and then the proceeds are invested in furthering some development project.

Mr. Pearson: I hope I did not leave the minister under a misunderstanding. I was not complaining that consumer goods, especially wheat, had been given to Colombo plan countries by Canada. I was expressing concern that the proportion of consumer goods was increasing, and I asked for some information on that score, and also that, whereas to my best recollection in earlier days the consumer goods were requested by the receiving country, now perhaps the initiative in respect of the consumer goods of the plan was coming from the donor countries. That was the only concern I had because, as the minister knows, the initial purpose of the plan was one of capital and technical assistance. While it is at times absolutely necessary to send wheat and flour to those countries, in the long run perhaps it is more important to give them help in the form of capital assistance which will increase agricultural production in those countries in the future and then this kind of consumer help will not be necessary.

Mr. Martin (Essex East): It seems to me there is a very important principle involved in the matter raised by the Leader of the Opposition. We do not hold the Secretary of State for External Affairs accountable for what may be the situation which however, deserves careful consideration by him.

As the Leader of the Opposition has pointed out, the Colombo plan owes much of its success from the initial period to the fact that the assistance given to the receiving countries has been on the basis of bilateral arrangements following the council meetings where the general principles of policy are laid down. Each donor country—Canada being among the major donor countries—makes its arrangements on a bilateral basis with the receiving country. Now, it seems to me the question that is important in this particular discussion is, was a request made by any receiving country, for instance, for dry skim milk, or did the Canadian government feel that because of the particular situation basically conceived that dry skim milk should be disposed of through a surplus disposal policy such as we have complained of in the case of some other countries.

Any country in Asia that needs dry skim milk ought to receive it from a country such as Canada if we are in a position to supply it. The first question is, was there a request from the receiving country, because I was told by the Minister of Agriculture when I discussed the representations made by the Ontario dairy producers who had suggested a disposal program for dry skim milk that there was no demand on the part of those receiving countries. Within a short time the government announced a policy in which a certain percentage of dry skim milk was going to be given to certain countries that are the beneficiaries of Colombo plan aid.

Is the minister in a position to tell us whether or not there was a request made? What prompted the government to reverse its policy and to announce that it was going to place in storage an available quantity of dry skim milk for countries in Asia? I do not quarrel with the practice but I think it is important to observe the principle carefully

followed in the Colombo plan operations. If the minister cannot give us the answer right now I will understand, but I do think that the matter is one of importance.

Mr. Green: I believe that no dried skim milk has been given under the Colombo plan at all.

Mr. Martin (Essex East): The Minister of Agriculture announced it.

Mr. Green: The hon. member need have no worries on that score. Any dried skim milk has been given under different schemes, for example, through UNICEF. I also understand that the requests for other foodstuffs have come from the recipients under the Colombo plan.

Mr. Argue: Mr. Chairman, on this item and dealing with the question that has been raised, I want to say as I have said on previous occasions that I think the government would not be following the purpose of the Colombo plan and the intention of the people who initiated it if capital assistance under the plan were withdrawn and the moneys were used extensively for the provision of foodstuffs. On the other hand, it is perfectly correct, as the minister has said, that under this vote in previous years certain sums have been used for the purchase of foodstuffs.

There is no question but that the nations within the Colombo plan area need great quantities of capital equipment. It is also just as obviously correct that these people are undernourished and have need of food. I would be very much opposed if Canada did anything to restrict the kind of action we have had in the past in either direction, either by restricting the capital contribution or restricting the quantity of food that is sent.

The fact that there is a substantial increase in the item is very encouraging and as long as the increase in the item rather than the former original vote is being used for additional foodstuffs I cannot see that there should be any objection either by Canada or by India. We are a very prosperous nation in relation to the Indian economy. I believe we can certainly spare capital equipment from this country in the amount set forth in this estimate, and it is a perfectly obvious fact that Canada has excessive surpluses of certain agricultural commodities. What under the sun can be wrong with the Canadian nation, by way of a vote in the estimates, spending Canadian money to pay our agricultural producers for valuable foodstuffs in order to improve the nutritional standards of the people of the Colombo plan countries?

Mr. Martin (Essex East): There is nothing wrong when you state it that way.

Mr. Argue: That is the only way I have stated it, and I want to state it in this positive way in order to remove any feeling of a negative approach that might have been generated by the comments that have already been made. As the Prime Minister has said about me on former occasions, I want more and more and more, and that is exactly the point I am making to the minister now. If the moneys that are made available for foodstuffs are in addition to the normal amount that Canada has provided by way of capital equipment, then I believe it is a very excellent move and will be supported by the Canadian people. Certainly a contribution of $50 million from a nation with a gross national product of $30,000 million cannot be considered overly generous.

Mr. Garland: Mr. Chairman, when this item was before the external affairs committee I recall that it was indicated in the discussion there by a witness whose name escapes me that a public relations program was to be started with respect to this item in order to familiarize the Canadian public with the various ramifications of the plan. On the surface it seemed to me to be a rather unnecessary expenditure. Would the minister care to comment on whether any progress has been made?

Mr. Green: There was a recommendation from the standing committee in connection with giving more publicity to the work being done under the Colombo plan, and apparently the matter is being studied at present by the interdepartmental committee.

Mr. Garland: Has any amount of money been set aside for this promotion?

Mr. Green: No, it would be done within the normal information activities of the Department of External Affairs.

Mr. Garland: Can the minister say what media would be used to inform the public?

Mr. Green: All available means would be used, including the facilities of the missions abroad and, of course, the press and the C.B.C. and also through exhibitions. I understand that there will be an exhibit at the finest exihibition in Canada, the Pacific national exhibition, which is to open next month.

Mr. Pearson: Does the Canadian share of the cost of the nuclear reactor being built in India come out of this vote and, if so, how much is involved? Can the minister also tell us how the project is getting along?

Mr. Green: The Canada-India reactor which is being installed at Bombay will be completed next year and the cost is to be met out of the Colombo plan. To date about $8 million has been expended and it is expected that a further $1 million will be necessary.

Mr. Pearson: With relation to India and the Canadian companies concerned, is the project working very smoothly or has there been trouble?

Mr. Green: Apparently there were some initial difficulties. Some of the Canadian companies had some problems in meeting the local situation in India but all of these difficulties have now been overcome.

Mr. Caron: Mr. Chairman, the last year the Liberal party was in power the amount of the vote was $25 million. At that time Quebec Conservatives criticized the amount, stating that the federal government was giving to strangers. In two years the amount of the vote was doubled. Can the minister tell me if those Quebec Conservatives who are now members of parliament approved the increase?

Mr. Green: Mr. Chairman, I think it would be spoiling a lovely day to drag in a political note of that kind at this particular time.

Mr. Caron: It was dragged in by the Conservatives when we were in power and the minister at that time did oppose the idea. I should like to know if he is still opposing the idea that we help those in need.

Item agreed to.

100. Grant by the Canadian government to the United Nations refugee fund, $290,000.

Mr. Pickersgill: I should like to say just one word about this. I understand that the minister said something this afternoon, and I came into the house just as he was in the midst of saying it. He mentioned the efforts the government was proposing to make to do more to assist refugees coming to this country in order to help clean up the refugee problem in Europe. I do not think there is anyone in the house who is more interested in this problem than I am.

I noticed also the minister said something at an earlier stage, if I remember correctly when he made an announcement the other day on orders of the day, about sounding out provincial governments concerning the possibility of taking some of these refugees who could not satisfy immigration regulations on the grounds of health, particularly those people who were tubercular. The minister may or may not know, but the Minister of Citizenship and Immigration certainly would know, that in the case of the Hungarian refugees whom we took in in considerable numbers who could not satisfy immigration health regulations, the federal government undertook, and I believe is still carrying out the undertaking, to look after whatever medical care was necessary. I should like to express the view that if you expect the provincial governments to undertake this as a provincial charge, we will get absolutely nowhere. It is not unreasonable that the provinces should take that view, and for this reason: We want people who come to live in Canada to be mobile and able to move freely from one province to another. It is, therefore, not reasonable to expect the provincial governments to provide these facilities free. I am sure most provinces would provide them at cost, or at a very reasonable rate.

I think if we are serious about doing something about this problem, and I hope we are, the federal government will have to undertake to reimburse the provinces for their out-of-pocket costs in connection with the matter.

Item agreed to.

102. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

Mr. Martin (Essex East): I regard this as an important vote. We have, under vote 100, talked about assistance for some two million refugees, other than those who come under the operations of the United Nations relief and works agency for Palestine refugees in the Near East. It is about the latter that I wish to say something. There are some one million of these refugees, and as I had the opportunity last September of visiting three of the camps where hundreds of thousands of these refugees are to be found in the Gaza strip and in Jordan, I believe we ought to have this matter projected for the consideration of the government in terms of a definitive solution.

This problem of one million people is now almost 10 years old. It is one of the most difficult problems of its kind in the field of current international responsibilities. The matter is one now that has risen beyond the capacity of the country from which most of these refugees have come. Whatever may be the moral obligation of Israel, the problem now has assumed proportions that give it a true international character. I would say that the work of this agency, in terms of providing maintenance, shelter and food is not wanting, but there remains bitterness and dissatisfaction on the part of these refugees whose numbers are increasing by natural growth. Unless the problem is met with some resoluteness, not by one nation or by two nations in the Middle East but by all of the nations, we are allowing to evolve a problem that may increasingly add to the troubles of that turbulent area.

Now, as I understand it, the work of this agency is to be reviewed or terminated in 1960. I would be interested in knowing what the view of the government is with regard to the continued operations of this organization. What steps are being taken by Canada as a member of the United Nations to seek to resolve the problem in some way. It cannot be allowed to continue in its present state without creating complicated problems for the future. I wonder if the minister could tell us if he has had an opportunity yet of reviewing this situation, and what he thinks government policy in Canada should be? How long should we continue to provide financial assistance, and to what extent are we prepared to play our part in bringing some solution to this very difficult problem, one that is involving day by day great human tragedy. This is a question to which a country like Canada should address itself with forthrightness and with a resolution to seek a solution of the problem. I ask the minister if he would care to comment on what I have said.

Mr. Green: Mr. Chairman, this of course is a world problem and not a problem which Canada alone must solve.

Mr. Martin (Essex East): Of course not; it is a collective responsibility.

Mr. Green: As the hon. member knows, there have been very substantial amounts of money paid to help meet this situation, and there is no intention of withdrawing. I would point out that in addition this year to the $500,000 covered under the vote now under review, there has been a total of $1.5 million worth of wheat flour provided as a special contribution.

Mr. Martin (Essex East): If the minister feels he cannot tonight deal with this, I hope he appreciates what I am saying. Of course, that is not what I wanted to ask. Canada has made a great contribution, but there will be no contribution to this problem if all we do is continue to give money. We decided in 1958 to give $500,000. Other nations have taken a similar generous course, but that is not resolving this problem.

In 1960 the matter is to be reviewed. Surely, at this time we are now consulting with the other donor protecting countries, along with the United Arab Republic, Israel, the government of Jordan and others, to see how this problem can be resolved? It cannot be allowed to fester. Anyone who has been there and seen the tremendous human tragedy, as I have, would join with me tonight in a filibuster, because no one could see this problem in its physical form without feeling keenly, as I do tonight. If it is possible for these few words to cause us to realize the situation that attends this problem, and what will have to be done not later than 1960, I am sure that the minister will see why I feel that merely giving money, merely giving assistance of one kind or another, is certainly not contributing basically to a solution that cries for settlement as few problems that have faced this world since the end of the second world war.

Mr. Green: The hon. member will be glad to learn that the secretary general of the United Nations has recently brought down a report on this question and that report is now being studied by the department. He can rest assured that we shall do whatever we can to help to work out a permanent solution to the problem.

Item agreed to.

103. Canada's civilian participation as a member of the international commissions for supervision and control in Indo-China including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salaries of commissioners, secretaries and staff by the governor in council, $270,984.

Mr. Martin (Essex East): I have just one question on this item. In the report of the department at page 37 I notice the following paragraph:

> In the Cambodian commission the Canadian delegation, which was sharply reduced in strength, continued to maintain the position that Cambodia also had fulfilled its obligations under the cease-fire agreement and that the international commission in that country should wind up its activities. It was not possible, however, to effect withdrawal of the Cambodian commission.

Today the minister told us that the commission in Laos continued to function in principle but that it had adjourned *sine die*. But he will note that both the Indian and Polish representatives on that commission a few weeks ago sought to have the commission in Laos convened. This commission is not, I believe, in residence in Laos but the commission in Cambodia has practically ceased its operations. It is not only a question of adjourning *sine die;* it is about to be liquidated. I do not understand the sentence in the report which suggests that notwithstanding that situation it has not been possible to effect withdrawal of the Cambodian commission.

I have this one further observation to make with regard to the commission in Viet Nam. That commission continues, I take it, to function precisely as it did when first set up. What are the prospects of that commission discontinuing its operations or have we decided to withdraw until such time as relations between north and south Viet Nam have

so developed as to permit the holding of elections? Is that the situation in Viet Nam?

Finally, I am sure the minister will agree that this is a further example of the effectiveness of collective action. It is not a United Nations operation. These three commissions were set up under the Geneva accord of 1954. But these commissions took their place alongside of the various United Nations organizations in the Middle East. They take their place alongside the suggestion made for the establishment of United Nations personnel in Berlin. I think these commissions reflect the contribution that Canada, as a member of one of these commissions, has made; and I think it also indicates clearly the effectiveness and value of international action.

Mr. Green: That is very true. The position in Cambodia and in Viet Nam is not yet such that the work of the commissions can be wound up. As a matter of fact, I believe that within the last 24 or 48 hours two lives were lost in Viet Nam, although evidently they were not members of the commission.

Mr. Martin (Essex East): In Viet Nam that is the situation. I can understand why there is continued reason for operation there. But as to Cambodia, certainly when I was there there was little apparent need for the continuation of the commission at that time. I do not understand this statement in the report that, notwithstanding this situation, it is not possible to effect withdrawal of the Cambodian commission.

Mr. Green: In Laos the government no longer wanted the commission to function.

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

Mr. Green: But in Cambodia the government is anxious for the commission there to continue functioning. India and Poland are both of the opinion that it should continue. Canada, being the third member and wishing to co-operate with these two other nations, is agreeing with that position, but with the commission at a greatly reduced strength.

Mr. Martin (Essex East): I hope we are not going to agree to the use of a commission for the purpose of settling boundary disputes. That procedure certainly would be an unconstructive contribution by the commission.

Mr. Green: There is no prospect of that.

Item agreed to.

105. West Indies assistance program, $2,100,000.

Mr. Forgie: Will the minister give us an explanation of this item?

Mr. Green: As the hon. member will recall, the Canadian government agreed to give the West Indies federation a total of $10 million which is to be spread over a period of five years. This vote of $2,100,000 is the amount that will be required during the current fiscal year.

Item agreed to.

The Deputy Chairman: That completes the estimates of the Department of External Affairs.

Mr. Green: Before the committee rises, Mr. Chairman, may I express thanks to hon. members for the extremely co-operative day, one in which so many splendid suggestions have been put forward.

Mr. Pickersgill: Before the minister rises may I ask whether hon. members on the other side of the chamber would consider sitting for a while in order to deal with the estimates of the Minister of Defence Production. We want to show co-operation.

An hon. Member: Ten o'clock.

The Deputy Chairman: I hear an hon. member call "ten o'clock". I am in the hands of the committee. Shall I call it ten o'clock?

Some hon. Members: Oh, no.

The Deputy Chairman: Shall I proceed?

Some hon. Members: Proceed.

The Deputy Chairman: Is it agreed that we proceed?

Some hon. Members: Agreed.

DEPARTMENT OF DEFENCE PRODUCTION

68. Departmental administration, $7,507,609.

The Deputy Chairman: Shall item 68 carry?

Mr. Pickersgill: No, Mr. Chairman. The minister was going to give me a few answers about the Atlantic provinces.

Mr. O'Hurley: Mr. Chairman, I want to make a correction in an answer I gave to the hon. member for Bonavista-Twillingate. I want to thank him very kindly for his suggestion. He is very popular tonight. I made a mistake when I said that this destroyer that is being built in Halifax was commenced at the beginning of January. It will commence at the beginning of April. It is the fifth, not the fourth. I want to make that correction. It will commence in April, 1960.

Mr. Pickersgill: It will not be any part of any winter works program in Halifax next winter?

Mr. O'Hurley: No. The hon. member for Bonavista-Twillingate raised a number of questions concerning our procurements in the Atlantic provinces. First, he asked for the dollar increase in 1958-59 for all defence

purchases in the Atlantic provinces. As I reported on June 3, head office purchases from Atlantic province firms last year amounted to $21.8 million, and district office purchases for this area—the vast majority of which were from local firms—were over $15 million. These give a combined total of $37 million as against $30 million in the previous year.

I must qualify this—as I did before—in several ways. First, as I have indicated, the district office purchases include a small percentage of orders placed with firms outside the area, but our records do not give precise information on this point. Second, the figures do not include defence subcontracts within the area—which excludes, for example, the work being done by Enamel and Heating Products on the CS2F program. Third, as the hon. member for Ottawa West observed on Wednesday, the addresses on contracts—which provide the basis of our regional breakdown—often do not show the actual site of production. For example, many of our purchases of Nova Scotia coal are made from firms with a Quebec or Ontario address and are not, for this reason, included in the figures I have given.

Second, the member asked what proportion of the increase was on construction, what on ship building and ship repairing, and what on procurement of an industrial character. Construction figures, of course, have been excluded from the amounts I reported for purchasing. In 1958-1959 construction orders, including a small amount of maintenance, amounted to $20 million. In the previous year, the corresponding figure was only $6 million, and it is because I did not feel that this offered a fair comparison that I did not include these figures in my June 3 statement.

Ship building and ship repairing orders in the Atlantic provinces last year were $12.5 million, and in the previous year $8.5 million. The increase is therefore $4 million, which represents 57 per cent of the total increase in purchases.

Unfortunately, I am unable to say anything about procurement of an industrial character. However, it may be of assistance to the hon. member if I give as much of a breakdown as our records permit.

One category, aircraft components and overhaul, which is readily shown by our records, accounted for $5.1 million last year and $3.8 million the year before; giving an increase of $1.3 million which is 18 per cent of the total increase. Coal purchases directly from Atlantic provinces dealers actually show a decline from $2.4 million to $2.2 million, although there was, in fact, a substantial increase in our total purchases of maritime coal over the period, which does not show up because the actual contracts were, in many cases, placed with firms in central Canada.

This, then, leaves only a residual amount of $2 million for 1958-59 and $1.7 million for the previous year, excluding district office purchases. Presumably the figures wanted by the hon. member for Bonavista-Twillingate representing purchases of an industrial character, lie within these totals, together with a portion of the amounts I reported for aircraft parts and overhaul.

The last part of the hon. member's question had to do with a distinction between projects initiated by the present government and those started by the previous administration. I regret that I have no figures to answer this, and I would point out to the hon. member that he has, in fact, directed his question to the wrong source. As he knows, my department and Defence Construction Limited do not initiate any projects—we simply contract for the supply or construction of the goods, services and defence works which are requisitioned by the Department of National Defence. I might repeat, however, what I said on June 3, that within my own sphere of responsibility, as the minister charged with procurement, I have sought to improve the Atlantic provinces' share of defence contract expenditures. I believe that the figures show that we have made progress in this direction, and I would assure the hon. member that we shall continue our efforts.

Mr. Pickersgill: I have one observation to make, and a couple of questions to ask. First, I may say I think it is very commendable that there were slightly higher expenditures, but these are obviously, as the minister has quite honestly said, of precisely the same character as they were in the past. He said that in his answer on June 3, and he was very honest about that when he said: "My department continues to rely wherever possible on country-wide competition." The minister is, of course, not responsible for this, because he was not here in those days, but we were for years continually given advice by hon. gentlemen who sat over here who said they would establish munition plants and procurement programs in the maritime provinces when a Conservative government came to power. I just wanted to draw attention to the fact that more than two years later there has been no change in the situation whatsoever.

One question I wanted to ask the minister is this—and I am not pressing for an answer at this moment; the minister can give me an answer at some later time if he wishes—has the minister any estimate of the increased

expenditures on general procurement resulting from the establishment of camp Gagetown? That is to say, here is a very large body of men now established in New Brunswick who were not there before this camp was established. Everybody who has visited Fredericton or Saint John knows that it has had a very stimulating effect on the economy of that area. It will be interesting to know the purchases made in that area for housekeeping, maintaining the camp, and looking after the troops.

The other question is this: what proportion of the expenditures for the Atlantic provinces in the last fiscal year was spent in the province of Newfoundland?

Mr. O'Hurley: As the hon. member has said I can give this information later and I will give this information later.

Mr. Forgie: Mr. Chairman, I asked some questions regarding airport contracts at Foymount, and I asked that the information be given to me today. I understand, however, that the minister does not have the information. On this subject I should like to read to him a report which appeared in the Renfrew *Advance* of February 12, 1959 and ask him whether this represents the policy of the present administration.

Renfrew and Arnprior contractors are assured of federal government contracts amounting to $880,000.

The contracts are in connection with a $1,500,000 expansion project at the Foymount airport.

The general contract for the erection of 41 permanent living quarters has been let to M. Sullivan and Son of Arnprior. Roy Goodfellow of Renfrew has the sub-contract for the plumbing.

Another contract for $58,000 for a new school had been given to Adam Laird of Renfrew.

A third contract is *certain* to go—

And I emphasize the word "certain".

—to M. J. Sulpher and Sons of Renfrew. It is for a tower. The Sulpher bid was in the neighbourhood of $125,000 and it is said to be the lowest received.

Other contractors for radar equipment, a school extension and a church are still to be let. They will amount to about $800,000 and are expected to go to South Renfrew contractors.

James W. Baskin, member of parliament for South Renfrew announced Wednesday afternoon the contracts had been let.

Mr. Baskin announced several weeks ago that an expansion was planned for Foymount and that the contracts would be confined to South Renfrew firms.

I should just like the minister to explain whether that is the policy of the present administration, to prevent firms outside the districts from making tenders for these contracts.

Mr. O'Hurley: The procurement policy remains unchanged. We have no specified area for contractors. Of course, we cannot control any information which may be given out by certain members. We cannot control any information that they may want to give out to their ridings. But no contracts are given out on the basis of ridings only. It is true that work is given to certain areas, when we want the best work at the best prices, but it is not done by ridings.

Mr. Hellyer: I wonder if the minister now has the result of the study he made with reference to the cost of continuing to completion the 37 Arrow CF-105's which were on the production line?

Mr. O'Hurley: Mr. Chairman, the hon. member for Trinity raised several questions relating to the CF-105. He asked, first, what would be the cost of continuing to completion the 37 aircraft for which orders had been placed. Our estimate of the additional cost of doing this is $257.8 million. The airframe represents $173.2 million of this and the Iroquois engine, $69 million. The remaining $15.6 million would be required for the electronic systems and some lesser miscellaneous items. No allowance is made here for any armament. I might point out that the first 20 aircraft were required for the development program and that, at most, only 17 would have been classed as operational.

The member for Trinity also had several questions about the tooling requirements for the F-104G. I might elaborate slightly on the answers which I gave at the time, and perhaps clarify certain points. First, however, I would remind the committee that I did try in my opening statement to give all the information I possibly could about the production program which we expect to achieve. I would emphasize that detailed questions of cost are central to the negotiations in which we are now engaged, and it would be unwise for me to speculate too much on the results which we expect these negotiations to produce. I can only say that we expect total tooling costs for the airframe, engine and electronics to amount to something over $20 million. I would prefer not to disclose the way in which we have arrived at this figure. This does not include certain tooling for the fuselage, horizontal stabilizer, vertical stabilizer, rudder and wings, which is being provided free of charge in order that we may produce 66 sets of these components for the German requirement. This tooling will also meet Canadian requirements for these parts and any subsequent requirements that may develop. The value of this tooling is estimated at approximately $2.25 million.

Mr. Hellyer: With respect to the tooling that is being supplied free by the Lockheed

Aircraft Corporation, could the minister tell us if this is being done because that corporation has no further use for it?

Mr. O'Hurley: The reason is that it is part of the deal that was negotiated with my officials.

Mr. Hellyer: I appreciate that, but I am wondering if the reason we were able to get the tooling free of charge is because the corporation has no further use for it. I have another question the minister perhaps could answer. How close to completion is the Lockheed corporation in its existing U.S.A.F. orders for the same aircraft?

Mr. O'Hurley: I do not have the answer to the last question. As to the first question, as to whether the order is completed, they gave us only part of the tooling under the production sharing deal.

Mr. Hellyer: Could the minister tell us how he is getting along in obtaining the picket plane order for Canadair, Montreal, or if this order has been awarded to a United States aircraft company?

Mr. O'Hurley: The negotiations have been going on in the United States for some time. The latest information I have is that negotiations are still continuing. They are asking for new tenders on the various equipment different from what they asked for the first time.

Mr. Hellyer: Are the minister and his staff working assiduously to try and obtain the prime contract for Canadair? Canadair already has equipment particularly well suited for this particular role.

Mr. O'Hurley: I cannot give to the committee the assurance that they will obtain this order but I can say that Canadair is certainly in the running and we are certainly optimistic about it.

Mr. Peters: Mr. Chairman, I wish to thank the minister for the explanation he gave concerning questions about the mid-Canada line. In his answer there is an indication that some consideration may be given by his department to some of the failings his answer indicates he and his department know about. This of course was a large contract of $200 million. It is charged that $30 million was wasted. Some investigation should be carried on in view of recent developments that have taken place in that area. I am thinking of my own experience. I was in James bay and Hudson bay last summer and in the Moosonee area. The Bell Telephone company now owns several large housing units which it has up for sale. They have a small plant there and a number of buildings. I suggest to the minister this property should belong to some government department such as national defence or defence production.

Construction will be required with respect to Bomarc sites. If this property were put in the hands of a crown corporation it could be turned over for use in that connection.

There were a number of things in the report everybody knows about. It is true as the minister said in his answer that when you are working against time, cost is not always a major factor. An investigation should be made into the method of allocating the prime contract although not necessarily with a view to attaching blame to anyone.

There are other projects of this type and magnitude taking place in the area. I suggest that the committee on public accounts or some other government agency take a look at the situation next year and make recommendations for more suitable methods of keeping the control of the administration in a tight unit so the left hand will know what the right hand is doing and probably save time and money.

I can think of one instance in connection with the mid-Canada line. At considerable cost equipment for harnessing boilers was moved into the site. Someone else ordered boilers from another place and the type of fittings supplied were of no use. This could have been avoided if the recommendations made by the committee last year had been implemented.

Mr. O'Hurley: I want to thank the hon. member for his suggestion. I have given the committee the report prepared by my officials concerning the mid-Canada line. I am looking further into this matter and wish to assure the hon. gentleman that other reports will be made on this important matter.

Item agreed to.

69. Care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling, $882,011.

Mr. Hellyer: Can the minister tell us where these storage barns are and what type of equipment is stored there?

Mr. O'Hurley: Here we have the ammunition branch contracts for preservation, storage rental and incidental expenses, $65,000; general purchasing branch, $8,511; Longueuil plant, $84,000; machine tools and tooling, preservation and storage: aircraft branch, guided missile program, tooling and test equipment, $50,000; engine program, machine tools and tooling equipment for R1820, R1340, and Orenda engines, $189,550; Avro, CF-100 tooling $200,000; instrument manufacturers,

Ferranti Electric Company Limited, tooling, $25,000; De Havilland Aircraft, Chipmunk tooling, $10,000.

Then, we come to the ammunition branch, transfer to storage of production $22,500; electronics branch, tooling and test equipment for Sparrow II program, V.T. fuse production, 3/s Mortars, $130,000; gun branch, 105 milimeter and 155 milimetre howitzer production tooling at Sorel Industries Limited, $147,000; machine tool branch, warehouse and transportation charges, $40,000; inspection and reinhibiting new machine tools at Long Branch, $25,000; rebuilding machine tools, $60,000.

Item agreed to.

B—Crown companies—

73. Expenses incurred by defence construction (1951) limited in procuring the construction of defence projects on behalf of the Department of National Defence and procuring the construction of such other projects as are approved by treasury board, $3,349,237.

Mr. Garland: I wonder whether I might direct a question to the minister in connection with the work that is being undertaken by his department in the North Bay area? I recognize the difficulty in making a statement on this subject because of the nature of the installation, but it is a matter of real concern to the people in our area. I recognize the minister is perhaps limited in the information he can give, but within the framework of this limitation can he give us anything that would be of interest to the people in the area?

Mr. O'Hurley: In reply to the hon. member may I say I cannot give him very much information. This is a new project and I cannot give the details of it. Much care has been taken in the selection of contractors by defence construction. They have been people who have experience in this type of work. There has been an amalgamation of different companies with different experience to do this work. We have asked several companies to tender. Because of the amalgamation, perhaps, there will be 20 companies, including the company recommended by the hon. member, from whom tenders will be coming. The greatest care will be given in considering these tenders to the quality of the contractors and the experience they have in this type of work.

Mr. Garland: Can the minister give us assurance that wherever possible northern Ontario firms will be given an opportunity to tender on any part or portion of this particular work?

Mr. O'Hurley: Yes, they are certainly given the chance to tender on all possible work that can be done by the contractors in northern Ontario. As I said before, tenders were requested from other contractors because there will be very large contracts for this job. Other contractors in the area will be invited to tender.

Item agreed to.

Canadian Arsenals Limited—

74. Administration and operation, $2,000,000.

(Translation):

Mr. Bourget: Mr. Chairman, I find that the report from Canadian Arsenals Limited mentions no successor to Brigadier Theriault. Is it the minister's intention to appoint a successor to Brigadier Theriault, who was on the board of directors? If I recall correctly, he was vice chairman of the board.

Mr. O'Hurley: Mr. Chairman, I must say to the hon. member that the job of Brigadier Theriault has been abolished by Canadian Arsenals Limited. Therefore, no appointment has been made to that post.

Mr. Bourget: Does the minister intend to appoint a successor for him on the board of directors? In my recollection, the 13th annual report of the board listed no French-speaking Canadian among the board members. Again if I remember correctly, Brigadier Theriault was one of the directors a few years ago. That is the reason why I ask the minister whether he intends to appoint a French-speaking Canadian to the board of directors of Canadian Arsenals.

Mr. O'Hurley: I am pleased to inform the hon. member that a French-speaking director is to be appointed shortly.

Mr. Bourget: With regard to the federal arsenal at Quebec, could the minister say how many workers are now employed in the three plants, namely those at Cote du Palais, at Bassin-Louise and at Val Rose?

Mr. O'Hurley: I am sorry, but the only figures I have here concern the total number of employees of Canadian Arsenals Limited. However, I could obtain this information for the hon. member. The total number of employees is 3,547.

Mr. Bourget: Does the minister not have the figures for the Quebec division?

Mr. O'Hurley: Does the hon. member wish to know how many workers are employed by Canadian Arsenals Limited in the Quebec division?

Mr. Bourget: Yes.

Mr. O'Hurley: My officials inform me there were 863 employees on April 1, 1959. They did not think they had the figures in their records.

Mr. Bourget: Does the minister expect any increase in activity at the Quebec arsenal?

Mr. O'Hurley: No, Mr. Chairman.

Mr. Bourget: Might it not be possible to obtain contracts from abroad for the arsenal? That plant used to have such contracts in the past. However, I understand conditions have changed.

Mr. O'Hurley: That is quite possible. We may occasionally pick up a contract from a foreign country. We are trying to get such contracts, so as to provide employment for the workers now employed at the arsenal. It is a possibility, but I do not expect it. According to one of the directors of Canadian Arsenals, no additional work is anticipated for the time being.

Mr. Bourget: Is there no possibility of getting a few contracts from the United States, in the circumstances, in view of all the negotiations going on between the two countries?

Mr. O'Hurley: Mr. Chairman, I think it would be very difficult to obtain contracts from the United States in this field, because they are just loaded up with unemployed over there.

(Text):

Item agreed to.

Mr. Brassard (Lapointe): Mr. Chairman, I should like to ask the permission of the committee to go back to item 71 for one very short question.

The Deputy Chairman: Has the hon. member unanimous consent to go back to item 71?

Some hon. Members: Agreed.

71. Grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors, $100,000.

Mr. Brassard (Lapointe): Would the minister be good enough to tell the committee why this item of $100,000 for grants to municipalities does not come under the special division of the Department of Finance?

Mr. O'Hurley: This item deals with grants to municipalities in lieu of taxes on crown owned defence plants operated by private contractors. I understand the hon. member would like to know what municipalities receive these grants.

Mr. Brassard (Lapointe): No. Would the minister tell us why this does not come under the jurisdiction of the special division of the Department of Finance which deals with grants to municipalities in lieu of taxes.

Mr. O'Hurley: The Municipal Grants Act does not specifically cover these plants but provides for taxes on federal property to be paid in full subject to adjustment with respect to services rendered. It is intended that the grants with respect to the said plants be in conformity with this legislation. It is legislation that exists. The plants covered by this provision have been acquired under the department's capital assistance program and title in each case is vested in the crown. The plants are operated by private contractors on the same basis as industrial plants.

Mr. Bourget: Are the grants paid on the same basis as for other buildings of the federal government?

Mr. O'Hurley: I am talking about my department. I cannot explain what the arrangements are in other departments. This is a grant in lieu of taxes and it comes under my department. There is legislation covering it and I do not know if the legislation applies elsewhere. We pay the same amount as we would pay if we were paying taxes.

Item agreed to.

Mr. Pickersgill: Just before you rise, Mr. Chairman, I should like to have assurance from the minister that the answers to my two questions will be given in the house.

Mr. O'Hurley: The hon. member for Bonavista-Twillingate has been so co-operative tonight that I certainly am not able to refuse him. I should like to give one more answer. I was asked by the hon. member for Vancouver South whether it would be possible to send some of the senior officials of my department to the west coast to make known the production sharing program and to meet industry. I wish to inform the house and the British Columbia members in particular that in October I will be on the west coast with some of my officials, and at that time we hope to get in touch with the board of trade and meet the industrialists of the area.

Mr. Pickersgill: I wonder whether the minister would do the same thing in Newfoundland.

Mr. Pearkes: They have no industries in Newfoundland.

Mr. O'Hurley: The hon. member for Bonavista-Twillingate has got me in a good mood tonight so I think I will have to accept also.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: May I ask the hon. gentleman who is leading the house in what order estimates will be taken tomorrow and Saturday?

Mr. Monteith (Perth): Yes. The house leader asked me to announce that the estimates of veterans affairs, northern affairs and national resources, trade and commerce, mines and technical surveys and fisheries would be taken in that order.

At 10.38 p.m. the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.B.C., WINNIPEG—EMPLOYMENT OF MUSICIANS

Question No. 461—**Mr. MacLean (Winnipeg North Centre):**

1. Who is the actual person in the Canadian Broadcasting Corporation who has authority to employ musicians and orchestra leaders in the city of Winnipeg?
2. What are his qualifications for this position?
3. What are the basic requirements needed by a musician or orchestra leader in order to be employed by the Canadian Broadcasting Corporation?
4. When choosing between two or more musicians or orchestra leaders of equal ability, is preference given to a war veteran?
5. When choosing between two or more musicians or orchestra leaders of equal ability, is preference given to Canadian citizens?
6. Does the Canadian Broadcasting Corporation have any restrictions with regard to employment of musicians and orchestra leaders in particular with regard to political or other affiliations?
7. How much did the present concert master of the Winnipeg symphony orchestra, Mr. Richard Seaborn, and the various leaders of the string sections receive from the Canadian Broadcasting Corporation for the years 1956, 1957, 1958 and 1959 to date?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

1. The director for the prairie provinces.

2. As the representative of management in the region he is required to be an experienced and competent administrator.

3. Demonstrated or established ability and experience.

4. In the engaging of conductors and soloists, the situation has never arisen.

In accordance with the letter of understanding between the corporation and the American federation of musicians, the conductor, not the C.B.C., chooses the individual players that make up an orchestra from the roster of available, professional, union musicians.

5. See No. 4.

6. No.

7. It is not considered to be in the public interest to disclose amounts of payments to individuals as it would affect the position of the corporation in a competitive business in negotiating for services.

ST. LAWRENCE SEAWAY—WIRE ROPE FENDER DEFECTS

Question No. 487—**Mr. Argue:**

1. Have any wire rope fenders on the St. Lawrence seaway pulled apart or been broken since installation?
2. If so, (a) how many have been so affected; (b) why have they done so; (c) at what locations has this happened; (d) on what date?

Answer by: **Hon. George H. Hees (Minister of Transport):**

The St. Lawrence seaway authority advises as follows, insofar as the new seaway facilities are concerned.

1. No.

2. Answered by (1).

JANITOR SERVICE, FEDERAL BUILDING, NEWCASTLE, N.B.

Question No. 495—**Mr. McWilliam:**

1. Were the services of one full time and one part time assistant janitors recently engaged for the federal public building at Newcastle, New Brunswick?
2. If so, was a civil service competition advertised and were they selected by a civil service commission board of examiners? If not, how were selections made?
3. Are these men now under the Civil Service Act?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes.

2. No. (i) The caretaker 3 was appointed to this position on February 1, 1959, on promotion from the old building where he had been employed since April 1, 1955, as caretaker 2. (ii) The cleaning service man (part time) was appointed on May 8, 1959, by the department.

3. The caretaker 3 is under the Civil Service Act in all respects. The cleaning service man (part time) will be under the Civil Service Act in all respects as soon as the civil service commission issues a certificate confirming his selection.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

A—Department and missions abroad—

76. Departmental administration, $6,319,803.

77. Representation abroad—operational—including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff by the governor in council, $9,606,439.

78. Representation abroad—construction, acquisition or improvement of buildings, works, land equipment and furnishings and to the extent that blocked funds are available for these expenditures, to provide for payment from these foreign currencies owned by Canada and provided only for governmental or other limited purposes, $1,565,405.

79. Official hospitality, $40,000.

80. Relief and repatriation of distressed Canadian citizens abroad and their dependents, and the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account (part recoverable), $15,000.

81. Canadian representation at international conferences, $243,000.

82. Grant to the United Nations association in Canada, $11,000.

83. Grant to the international committee of the Red Cross, $15,000.

84. Grant to the Canadian Atlantic co-ordinating committee, $2,500.

B—General

85. Canadian government's assessment for membership in the international (including commonwealth) organizations that are detailed in the estimates including authority to pay such assessments in the amounts and in the currencies in which they are levied; amount required in Canadian dollars, estimated as of December, 1958, $3,838,519.

86. Canadian government's contribution to the United Nations expanded program for technical assistance to under-developed countries in an amount of $2,000,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $1,931,250.

87. Canadian government's contribution to the United Nations technical assistance administration training centre at the university of British Columbia, $10,000.

88. Canadian government's contribution to the United Nations special fund in an amount of $2,000,000 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $1,931,250.

89. Contribution to the United Nations children's fund, $650,000.

North Atlantic Treaty Organization—

90. Special administrative expenses including payment of remuneration, subject to the approval of the governor in council and notwithstanding the Civil Service Act, in connection with the assignment by the Canadian government of Canadians to the international staff of the North Atlantic Treaty Organization (part recoverable from the North Atlantic Treaty Organization), $60,245.

91. Canadian government's contribution to the North Atlantic Treaty Organization's science fellowships and advanced studies institutes programs in an amount of $44,060 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $42,545.

92. Further contribution by the Canadian government towards the cost of constructing the North Atlantic Treaty Organization permanent headquarters in an amount of 54,072,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December 1958, which is, $124,420.

International civil aviation organization—

93. To provide the international civil aviation organization with office accommodation at less than commercial rates, $214,594.

94. Payment to the international civil aviation organization in part reimbursement of compensation paid to its Canadian employees for Quebec income tax for the 1958 taxation year, $9,000.

Pensions and other benefits—

95. To authorize payment of a pension during the current and subsequent fiscal years, notwithstanding anything contained in the Financial Administration Act or any other act or law, to Hilda L. Waddell, a former locally-engaged employee, at an annual rate of 60,000 Brazilian cruzeiros, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $412.

International joint commission—

96. Salaries and expenses of the commission including, subject to the approval of the governor in council and notwithstanding the International Boundary Waters Treaty Act, as amended, payment of salary of the chairman at $17,500 per annum, $112,124.

97. Canada's share of the expenses of studies, surveys and investigations of the international joint commission, $116,110.

Special—

98. Colombo plan, $50,000,000

99. Canadian government's assessment for membership in the inter-governmental committee for european migration in an amount of $234,875 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of December, 1958, which is, $226,801.

100. Grant by the Canadian government to the United Nations refugee fund, $290,000.

101. Canadian participation in the work of the European productivity agency of the organization for European economic co-operation, $20,000.

102. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

103. Canada's civilian participation as a member of the international commissions for supervision and control in Indo-China including authority, notwithstanding the Civil Service Act, for the appointment and fixing of salaries of commissioners, secretaries and staff by the governor in council, $270,984.

104. Technical assistance to Commonwealth countries and territories other than those eligible for assistance under the Colombo plan or West Indies assistance program, $500,000.

105. West Indies assistance program, $2,100,000.

A—Department and missions abroad—

505. Departmental administration—further amount required and to authorize the governor in council, notwithstanding the Civil Service Act—to appoint a chairman of the Canadian section of the Canada-United States permanent joint board on defence and

to fix his salary; and the person so appointed shall not be a contributor under the Public Service Superannuation Act, $65,250.

B—General—

North Atlantic Treaty Organization—

506. Purchase and transfer of wheat flour to assist in the establishment of strategic stock piles of food supplies in member states of the North Atlantic Treaty Organization, subject to such terms and conditions as the governor in council prescribes, $10,000,000.

International civil aviation organization—

507. To provide the international civil aviation organization with office accommodation at less than commercial rates—further amount required, $1,500.

Special—

508. Grant to the commonwealth institute in an amount of £500, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1959, which is, $1,353.

509. West Indies assistance program—further amount required, $583,500.

510. To reimburse the agricultural commodities stabilization account for dry skimmed milk donated to international relief agencies, organizations and governments, $2,500,000.

Loans, investments and advances—

External Affairs—

604. Additional advance to the working capital fund of the United Nations educational, scientific and cultural organization in the amount of $300 U.S., notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1959, which is, $289.

DEPARTMENT OF DEFENCE PRODUCTION

A—Department—

68. Departmental administration, $7,507,609.

69. Care, maintenance and custody of standby defence plants, buildings, machine tools and production tooling, $882,011.

70. For the establishment of production capacity and for capital assistance for the construction, acquisition, extension or improvement of capital equipment or works by private contractors engaged in defence contracts, or by crown plants operated on a management-fee basis, or by crown companies under direction of the Minister of Defence Production, subject to the approval of treasury board, $2,907,000.

71. Grants to municipalities in lieu of taxes on crown-owned defence plants operated by private contractors, $100,000.

72. To establish qualified sources for the production of component parts and materials subject to the approval of treasury board, $500,000.

B—Crown companies—

73. Expenses incurred by Defence Construction (1951) Limited in procuring the construction of defence projects on behalf of the Department of National Defence and procuring the construction of such other projects as are approved by treasury board, $3,349,237.

Canadian Arsenals Limited—

74. Administration and operation, $2,000,000.

75. Construction, improvements and equipment, $1,128,288.

A—Department—

502. Departmental administration—further amount required, $41,500.

503. To establish qualified sources for the production of component parts and materials subject to the approval of treasury board—further amount required, $450,000.

504. To sustain technological capability in Canadian industry by supporting selected defence development programs on terms and conditions approved by the treasury board, and to authorize commitments against future years in the amount of $4,000,000, $5,000,000.

HOUSE OF COMMONS

Friday, July 10, 1959

The house met at 11 a.m.

PRIVILEGE

MR. FLEMING, EGLINTON—CORRECTION OF STATEMENT IN REPORT OF VETERANS AFFAIRS COMMITTEE

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, on a question of privilege, I find that one of the committees of the house, the standing committee on veterans affairs, in submitting its report to the house on July 1 ascribed to me a statement which is not in accord with the information which I communicated to the committee in question. The report of the committee, which is to be found on page 639 of *Votes and Proceedings* of that day, in paragraph 14 refers to information which is ascribed to me on the present state of the war claims fund, and states that I had told the committee that the sum of $6 million remains in the fund.

That is not a correct statement at all, Mr. Speaker, of the information I communicated to the committee. The information was contained in a letter dated April 10, 1959, which I wrote to the chairman of the committee and which I believe became part of the records of the committee. There I indicated that the combined cash and market value of the bonds held to the credit of the fund at that date was about $4.6 million. I may say further, Mr. Speaker, that since that time there have been, of course, substantial disbursements out of the fund and the balance today is approximately $4 million.

ST. LAWRENCE SEAWAY

WELLAND CANAL—STUDY OF EXPANSION OF FACILITIES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Transport. Will the minister say whether, as a result of congestion in the Welland canal and congestion along the seaway, any study is contemplated to see whether or not the seaway facilities should be expanded or duplicated under certain circumstances?

Hon. George H. Hees (Minister of Transport): Yes, my department is carrying on some studies in that regard.

Mr. Argue: Can the minister give any further explanation and tell us when the study may be completed?

Mr. Hees: No; I do not know, Mr. Speaker.

TRANSPORTATION

ROYAL COMMISSION—STATEMENT ON HEARINGS AND REPORTS TO PARLIAMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday a question was asked by the hon. member for Assiniboia in regard to the royal commission on transportation, first with respect to the question of hearings and also with respect to the presentation of reports to parliament.

In so far as sittings are concerned, the Minister of Transport communicated with the chairman of the commission, Mr. McTague, who advised that the intention was to hold sittings across the country, generally in the capitals of the various provinces, and as well to consult fully with the government of each of the provinces relative to the matters submitted to the commission.

In so far as reports are concerned, the regular procedure will of course be followed, namely that in due course a report will be made to the governor in council. That report will be tabled in parliament.

Mr. Hazen Argue (Assiniboia): I thank the Prime Minister for his answer. Can he give the house some indication when the series of regional meetings will take place; October or November?

Mr. Diefenbaker: In so far as the commencement date is concerned, there has been no determination yet as to that. The desire of the commission is to proceed with the greatest of dispatch and I can say, knowing what Mr. McTague has done to date, that his time has been taken up by the organizational questions that necessarily arise to the end that the commission will be able to report at the earliest possible date consistent with the great responsibilities that rest upon it.

Mr. Argue: Within the 12-month target period, I take it, set for the commission?

Indian Affairs

INDIAN AFFAIRS

MACKENZIE DISTRICT—ANNOUNCEMENT OF INQUIRY INTO TREATIES RESPECTING RESERVES

Mr. Speaker: Has the Minister of Citizenship and Immigration leave to revert to motions?

Some hon. Members: Agreed.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I wish to announce that the governor in council has appointed a commission under the Inquiries Act to inquire into the implementation of treaties 8 and 11 respecting the 15 Indian bands of the Mackenzie district, and to report its recommendations after full consultation with the Indians concerned. Under the terms of the treaties these 15 Indian bands, numbering approximately 4,500 people, have a total land settlement of some 576,000 acres. The rapid development of the Northwest Territories makes it imperative that the land provided for the establishment of reserves be set aside for that purpose now or, alternatively, that the treaties be renegotiated with the consent of the Indians. The commission will consider the present and future economic and social welfare of the Indians and will obtain the views of each band on all aspects of the matter.

The commission consists of five members: Chairman, Mr. Walter H. Nelson, barrister, Prince Albert, Saskatchewan; Mr. V. F. Valentine, Department of Northern Affairs and National Resources, Ottawa; Mr. L. L. Brown, Indian affairs branch, Department of Citizenship and Immigration, Ottawa; Mr. James Koe, Fort McPherson band, Fort McPherson, Northwest Territories and Mr. Baptiste Cazon, Fort Simpson band, Fort Simpson, Northwest Territories.

The commission began its meetings in Aklavik on July 6, 1959.

Mr. M. A. Hardie (Mackenzie River): Mr. Speaker, I am sure the native Indian people of the Mackenzie district will be very happy to hear of the appointment of this commission to deal with land rights, a matter that has not been looked into for many years. I should like to ask the minister whether the government gave the Indians any opportunity to vote on those who would represent them on the commission.

Mrs. Fairclough: Mr. Speaker, as I indicated, the commission is composed of two Indians, one member from the northern affairs branch, one member from the Indian affairs branch and the chairman. In so far as the selection of the two Indians is concerned, consultations were held with those in the territories. I do not believe there was a formal vote, but consultations were held to determine who would be suitable people to represent the Indians on the commission.

Mr. Hardie: May I ask the minister a further question?

Mr. Speaker: I think the hon. member might defer his question until we get to orders of the day. I think the hon. member for Skeena wishes to comment on behalf of the C.C.F.

Mr. Frank Howard (Skeena): I want to express appreciation that the commission has been established. I am sure that the Indians affected will look upon it with favour and will hope that it will be able to deal with their problems effectively. I hope that as a result of the decision reached by the commission and subsequent action taken the Indians affected will be treated in a fair and more equitable manner than has been the case with Indians in other parts of Canada with respect to land and treaty questions.

[*Later:*]

Mr. Hardie: May I ask the Minister of Citizenship and Immigration a question in connection with the statement made a moment ago to the effect that there were two Indians appointed to this commission. I should like to point out to the minister that both these Indians are from the area of the Mackenzie river. I wonder if she would be good enough to appoint an Indian from the Great Slave lake area, where the problems are entirely different from those in the Mackenzie river area.

Mrs. Fairclough: I should like to point out that Indians from whatever area they may come, will be given ample opportunity to make their wishes known to the commission. It is always extremely difficult, as the hon. member knows, to select people who have the necessary qualifications to serve on a commission of this sort.

NORTHLAND NAVIGATION COMPANY

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wish to direct a question to the Minister of Labour. Can he say if the chief executive officer of the labour relations board advised that a ballot would be permitted in connection with the bargaining agent of the Northland Navigation Company engineers, and was that commitment later reversed?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have no information to that effect.

Mr. Martin (Essex East): May I ask a supplementary question. In view of the representations that are being made, I know, to many members of parliament including those from British Columbia, in connection with this matter, will the minister kindly look into it and perhaps give us a reply tomorrow?

Mr. Starr: Yes, I certainly will.

Mr. H. C. McQuillan (Comox-Alberni): Would the Minister of Labour give the house a report concerning the strike situation in connection with the Northland Navigation Company?

Mr. Starr: In answer to the hon. member for Comox-Alberni, and also because of the concern that has been expressed by all members from the province of British Columbia, I should like to inform the house what has happened in this situation.

On July 7 the Canada labour relations board rejected an application made by an officer of the S.I.U. on behalf of a number of marine engineers for the decertification of the national association of marine engineers as bargaining agent for the engineering officers employed by the company. At the same time the board granted a request of the S.I.U. that its own application for certification as bargaining agent be withdrawn.

Pending release of the board's decision on the proceedings before it, the N.A.M.E. had been enjoined by court order from picketing the company's operations. When the N.A.M.E. resumed its picketing the S.I.U. withdrew men who had been supplied to replace the longshoremen members of the international longshoremen and warehousemen's union who usually performed such work. As a result the company was unable to load its facilities.

The deck officers and masters employed by the company who are members of the Canadian merchant service guild, are reported to have left their employment on July 7. While there is still a confused situation affecting this coastal shipping operation, with court actions and proceedings involving the B.C. federation of labour, the I.L.W.U. and other labour organizations and individuals, the situation should become clearer since the application for decertification has been disposed of and the employer should now feel free to negotiate a settlement with the certified bargaining agent. My officer on the west coast is now attempting to arrange a meeting between the company and the N.A.M.E.

Just a few moments ago I received a telegram from Mr. Currie, the representative of the labour department, which reads as follows:

> Further our telephone conversation Thursday afternoon Captain Terry had agreed to meet NAME committee solely while unions wanted all interested groups represented. Unions later agreed to committee of Greaves and Berry. Captain Terry is giving this consideration and promised me answer Friday morning. In meantime all parties have stated they will withhold public statements.

Mr. H. W. Herridge (Kootenay West): May I ask the Minister of Citizenship and Immigration a supplementary question. Has the minister anything further to report with respect to reports of San Francisco goons coming to Vancouver to take part in these operations? Has she done anything to get rid of these blighters?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The information I have is that if they were in the country, they are not here now.

Mr. Martin (Essex East): May I ask the Minister of Labour a further question arising out of the statement he has just made in answer to a question put by one other hon. member of this house, an answer which I thought might well have followed the questions I put to him earlier. The minister, in this statement has just indicated that he is now endeavouring to arrange for a meeting. I note that in *Hansard* of July 6 for this session he said:

> However, I did dispatch a telegram during the latter part of last week asking both parties to meet with the labour department representative in Vancouver, and they are meeting this morning.

Did such a meeting take place and is the meeting to which my hon. friend now draws our attention another meeting altogether?

Mr. Starr: The statement read by the hon. member for Essex East is entirely correct. Such a meeting was held. This is an entirely different meeting.

HOUSING

C.M.H.C.—INQUIRY AS TO DIRECT LOANS TO BUILDERS

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Public Works, who seems to be in a generous mood this morning. With the number of housing starts substantially below those of last year, can the minister now tell the house when direct loans to builders will be commenced this year?

Inquiries of the Ministry

Hon. Howard C. Green (Minister of Public Works): I am not yet in a position to make an announcement on that question.

Mr. Garland: If I might be permitted to do so I should like to ask a supplementary question. With the number of starts down almost 20 per cent this year, and with the $250,000,000 that parliament approved earlier this year still intact, what possible justification is there for delaying this particular action?

Mr. Green: As I told the hon. member previously, government policy will be announced in due course. He should not be discouraged about the number of housing starts. I am going to take a chance today and prophesy that they will be between 135,000 and 140,000 in 1959. That will be the second highest figure, the record having been achieved last year.

Mr. Garland: With this forecast which the minister is now prepared to make and which he was not prepared to make some time ago, he apparently knows when he is going to implement direct loans to builders. That is an extremely important factor in the total number of starts. If he knows, and if this decision has been made, why can the country not know?

Mr. Green: I really am surprised that the hon. member is so impatient, because that is not his nature.

THE MINISTRY

INQUIRY AS TO APPOINTMENT OF NEW MINISTER OF PUBLIC WORKS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I have a supplementary question that I should like to put to the Prime Minister. Is the present Minister of Public Works going to make that announcement, or in view of the way in which the house facilitated the completion of the work of the present Minister of Public Works, can we expect the announcement from his successor before the end of the session?

Right Hon. J. G. Diefenbaker (Prime Minister): I am glad to see the interest of the hon. gentlemen in the appointment of a successor to the Minister of Public Works. I seem to remember that the same type of question was asked in 1941 and 1942, when for a period of many months no representative was appointed from the province of Quebec. We used to ask questions in that regard and the answer we received was that an announcement would be made in due course.

Mr. Pickersgill: I have a supplementary question. The Prime Minister will perhaps recall that we were asked to assist in getting through the estimates of public works so that a successor could be appointed, and that we facilitated that procedure.

NORTHERN AFFAIRS

ARCTIC ISLANDS—APPROVAL OF NEW OIL AND GAS REGULATIONS

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I wish to direct a question to the Minister of Northern Affairs and National Resources. Can the minister tell the house whether new oil regulations for the Arctic islands have been approved by the cabinet as yet?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): No, Mr. Speaker.

PRICE SPREADS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask either the Prime Minister or the Minister of Trade and Commerce whether we might have an explanation for the long delay in the work of the royal commission on price spreads. Is it reasonable to assume that we may expect a report on the findings of this commission in a reasonably short time?

Right Hon. J. G. Diefenbaker (Prime Minister): In reply to that question may I say this. The length of time that has elapsed since the appointment of the commission on price spreads and the time that has been taken in the sittings are indicative of the importance of the subject. There has been a complete and thorough examination of a problem which for so many years has been the subject of requests on the part of agricultural and other organizations across this country. The result has been that the commission has gone extensively into the problem. I have no immediate indication from the chairman as to when the report will be made available, but I am sure it will not be very long delayed.

BRIDGES

INTERPROVINCIAL BRIDGE, OTTAWA—COLLAPSE OF PART OF APPROACH

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I would like to direct a question to the Minister of Public Works. This morning while demolishing the bridge approach between Nepean point and Major Hill park part of the structure fell on the approach to the bridge, and on that account thousands of civil

servants were late for work. Is it the intention of the government to do something about that bridge?

Hon. Howard C. Green (Minister of Public Works): Mr. Speaker, I was not aware of the accident this morning and I am sorry to hear of it. However, I think this matter comes under the jurisdiction of the national capital commission.

(Translation):

PUBLIC SERVICE

PAYMENT FOR TIME LOST BECAUSE OF BRIDGE ACCIDENT

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to direct a question to the Secretary of State. Could he intervene with the civil service commission so that employees who were late for work on account of the state of disrepair of the interprovincial bridge may not lose any pay?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I feel there is no need for me to intervene, members of the civil service commission will surely understand the circumstances.

Mr. Caron: May I ask a supplementary question? In case the civil service commission is unaware of the situation, might it not be of the utmost importance that the minister take a hand in the matter?

(Text):

INQUIRY AS TO SALARY INCREASES THIS SESSION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I would like to direct a question to the Prime Minister. Is it a fact that the Prime Minister promised the officers of the civil service organizations that the recommendations of the civil service commission regarding salary increases would be acted upon as soon as the recommendations were received by the government?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, that question is an indefinite one. It gives no indication of when the promise was made, and I will have to look into the question and ascertain the basis for the suggestion of the hon. gentleman.

Mr. Hellyer: I appreciate the Prime Minister's consideration and the fact that he will look into the facts and report to the house, but I wonder if he would indicate to the house whether he does not feel that the faithful and loyal employees of his government are deserving of some immediate consideration?

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman, of course, was a member of the last cabinet from April 26 or 27 until June 21, during which time the civil servants were asking for their proper increases. It remained, however, for this government, as one of its first acts, to implement what could have been done long before that.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, a supplementary question. Is it not true—and I put this question to the Prime Minister—that what the present government did was to implement a decision of treasury board under the previous administration?

Mr. Diefenbaker: Mr. Speaker, what the present government did was what the government of which the hon. member was a distinguished member failed to do for a long while. We acted as soon as we had the opportunity.

Mr. Pickersgill: Mr. Speaker, now that the Prime Minister has made his speech, I wonder if he could find time to answer my question.

Mr. Hellyer: Mr. Speaker, the Prime Minister has—

Some hon. Members: Question.

Mr. Hellyer: —created a wrong impression. My question is this. Is it not true that the order in council authorizing the last increase in salaries of federal civil servants was passed by the government of which I was a member?

Mr. Speaker: Order. I think a question relating to an event in history is scarcely a matter or urgency for this house; furthermore, it is a matter of public record.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO PERFORMANCE OF EXECUTIVE FUNCTIONS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could put a question to the Minister of National Revenue. Could the minister tell us who at the present time is performing the statutory functions of the president of the C.B.C. as chairman of the board of directors?

Hon. George C. Nowlan (Minister of National Revenue): Colonel Landry is, as I said, chairman of the management committee, and Mr. Dunsmore is chairman of the

executive committee of the board of directors and in the absence of the vice president is acting as chairman of the board.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO CALLING OF CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Finance if we may expect from him today a statement about the study group that is now in session on the matter of dominion-provincial fiscal relations; or is it not proposed to give to the country or the house any information as to what conclusions they have reached, if they have reached any or if they are allowed to reach any?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I would think the hon. member would add to the respect in which he is held by the house if he would refer to the federal-provincial continuing committee on economic and fiscal questions by its proper name instead of talking about a study group.

Mr. Martin (Essex East): Seminar?

Mr. Fleming (Eglinton): This happens to be a committee for financial planning composed of the most competent officials in this country at both the dominion and provincial levels of government on economic and fiscal questions. The committee has been in existence for some years but was never used by the previous government to the extent of its full potentialities and usefulness.

What is being done now is to refer to that very competent committee the questions of extremely wide import in this field upon which they are highly competent to investigate and report. I am very happy to report to the house that in accordance with the direction given by the conference of ministers of finance and provincial treasurers which met in Ottawa on Monday and Tuesday, the continuing committee embarked upon its work immediately. They assembled on Wednesday morning, and after a day and a half of intensive work completed the allotment of the subjects which were assigned to them by the conference of ministers. They adjourned yesterday afternoon, and I think it fair to say that most of those officials are going to be spending this summer hard at work on these subjects. It is planned to hold the next meeting of the continuing committee around September 1.

Mr. Martin (Essex East): A supplementary question, Mr. Speaker. I ask the minister if the federal-provincial continuing committee on fiscal and economic matters, otherwise known as the minister's study group or seminar, has reached as yet any conclusions which would enable the government to decide if it would be possible to hold before the end of this calendar year a full-fledged dominion-provincial conference on fiscal relations, arising out of recommendations made by the federal-provincial continuing committee on fiscal and economic matters.

Mr. Fleming (Eglinton): Mr. Speaker, I have always attached some degree of respect to the intelligence of my hon. friend. What his question means is that although the continuing committee was in session yesterday and had referred to them an extremely formidable list of subjects of far-reaching importance, he thinks they should have reached decisions before they even started to sit. That is about the size of it. He should not expect others to follow his example of speaking and deciding before thinking.

This competent committee was asked to carry out the tasks assigned to them by the conference of ministers. I have already dealt with the subject of the calling of a plenary conference. I dealt with that in reply to questions asked by the amiable hon. gentleman on Tuesday. I dealt with questions on the same subject asked by the same amiable hon. gentleman on Wednesday and asked by the Leader of the Opposition, I think, on both occasions.

Mr. McIlraith: You did not answer any of the questions.

Mr. Fleming (Eglinton): I think it is quite clear that this is a matter for decision at the governmental level. It is not a matter for decision by the officials.

Mr. Martin (Essex East): In response to the rather involved reply given by my genial and hon. friend the Minister of Finance, may I say I think it is clear now that the government does not intend to call such a conference.

Mr. Fleming (Eglinton): Mr. Speaker, the hon. gentleman does love to assert his own conclusions.

Mr. Speaker: Order. There was no question asked. The hon. member for Essex East was improperly making a statement and I do not wish to see the minister improperly answering a question that was not asked.

[Later:]

Mr. D. M. Fisher (Port Arthur): I should like to ask the minister this question. In so far as this continuing tax study group is concerned, has the minister considered that our smallest province has adequate professional advice?

Mr. Fleming (Eglinton): Mr. Speaker, as the federal government we do not attempt to prescribe for the provinces what advice they should seek or from whom they shall choose to obtain their advice. Those are sovereign governments; they run their own affairs and we do not attempt to interfere with them, as was clearly demonstrated in Monday's conference.

Mr. Pickersgill: A supplementary question. Will the minister be kind enough to convey those views to the Minister of Justice?

Mr. Fleming (Eglinton): I shall be very pleased to convey them to the hon. member for Bonavista-Twillingate, Mr. Speaker, who needs them.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—STATEMENT AS TO PAYMENTS BY FEDERAL TREASURY

On the orders of the day:

Inquiries of the Ministry

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the minister a factual question. Is he in a position today to answer the questions I asked him the day before yesterday about payments to the governments of Quebec, and about which I asked for an answer yesterday?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker. I take pleasure in furnishing the hon. gentleman with this information. He asked about payments. I presume he is referring to payments made in pursuance of the provisions of the Federal-Provincial Tax-Sharing Arrangements Act.

Mr. Pickersgill: Mr. Speaker, perhaps I should correct that right away. I asked about payments from the federal treasury to the treasury of the province of Quebec.

Mr. Fleming (Eglinton): I believe I can supply the hon. gentleman with the information he wishes. In tabulated form it is as follows:

CASH PAYMENTS TO QUEBEC
(In thousands of dollars)

Quebec	1956-57	1957-58	Preliminary 1958-59	Estimated 1959-60
Unconditional Payments				
1. Statutory subsidies	3,301	3,301	3,301	3,301
2. Tax rental				
3. Equalization		43,060	55,004	61,581
4. Stabilization				
5. Power corporation tax	1,186	1,675	2,281	2,364
	4,487	48,036	60,586	67,246
Conditional grants	23,544	24,801	39,785	49,405
Total	28,031	72,837	100,371	116,651

So the information may be complete I might comment that under the Federal-Provincial Tax-Sharing Arrangements Act, of the three types of payments that are available to provinces under certain conditions prescribed by the legislation, the province of Quebec receives only the equalization grants. By reason of having no agreement with the federal government the province, of course, receives nothing on account of the tax rentals or the stabilization payments. For information, however, I might say that the payments that would have accrued on account of tax rental and stabilization payments for these past two fiscal years are $181 million in 1957-58, $186 million (estimated) in 1958-59, and $214 million (estimated) in 1959-60.

Mr. Pickersgill: I thank the minister very much. I should like to ask one supplementary question. Was the estimate of equalization payments for the current fiscal year the same as the minister gave in his budget papers, or has he made a revision of it? I do not want to detain the house; perhaps the minister would prefer to answer it tomorrow.

Mr. Fleming (Eglinton): In the budget speech, it will be recalled, I gave those figures in the aggregate for all provinces. I did not break them down for individual provinces. I think—and here I speak subject to correction—the estimate I have given this morning is based upon the same estimate that entered into the composite table which I place on *Hansard* in the budget speech, but I will verify that.

Mr. Pickersgill: Would the minister at the same time indicate to the house whether a new estimate has been made? The minister has told us that he estimates higher revenues than he gave in the budget speech and I should like to know whether a new estimate has been made. Perhaps on his departmental estimates he may be able to give that to the house.

Inquiries of the Ministry

GRAIN

WHEAT—EQUALIZATION OF QUOTAS IN WESTERN CANADA

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce, arising out of the widespread discrimination in quotas in Manitoba and Saskatchewan where, on July 6, 90 per cent and 80 per cent respectively were below 7 bushels. Can the minister say what extraordinary action will be taken to equalize those quotas with the end of the crop year just three weeks away?

Hon. Gordon Churchill (Minister of Trade and Commerce): My hon. friend with his use of "widespread discrimination" is attempting to convey the impression that something is being done which should not be done, and he is creating his usual state of alarm. The situation with regard to quotas out west is vastly improved over what it was last year, and I regret that the hon. member does not draw attention to that fact on some of the occasions that arise here in the house. Last year, on July 6, all the stations were on 5 and 6 bushel quotas. On July 6 of this year 775 stations were already on the 7 and 8 bushel quotas and 1,246 were on 5 and 6 bushel quotas, and there are only seven stations remaining on the 4 bushel quota. No attempt is being made at discrimination; an attempt is being made at enlarging the delivery of grain out west and there is still a chance, as expressed by the wheat board, of bringing all the stations out west up to a 7 and 8 bushel quota this year.

The situation does not differ materially from what it was in July a year ago when the quota was raised to 7 for half the stations. Then, I think, my hon. friend complained because some were still on 6, but generally the picture is quite good. There has been a slowing down in some areas out west for reasons which are well known to the house. The lake shipping season is not as good for grain this year as it was last year; consequently some millions of bushels have not been moved from the lakehead, opening terminal capacity for shipments from the southern parts of Saskatchewan and Manitoba. But the month of July is usually a month of large shipments from the lakehead, and we still have some time before the end of the crop year. I repeat that everything is being done not to create discrimination at the many delivery points but to bring them all up to the same level.

Mr. Argue: Mr. Speaker, how does the minister claim that there is less discrimination this year, or that the situation is better this year, when last year there was a spread between delivery quotas of only 1 bushel, whereas the spread this year is very wide? Does the minister say now that within a three week period all quotas on the prairies will be 7 or 8 bushels? If this is his answer, I am perfectly satisfied.

Mr. Churchill: That was the estimate given by the members of the wheat board when they were here before the agriculture committee of the house two weeks ago. I am quite free to admit that there is a gap between those now on 5, 6 and 8. Last year none was on the 8 bushel quota, but the board think they will all be on 7 or 8 this year, which is an improvement over last year.

Mr. Argue: Can the minister say whether he expects any acceleration of shipments through the lakehead now 60 million bushels under last year.

Mr. Churchill: Quite a large proportion of lake shipping has been utilized this season for the shipment of iron ore, in view of the anticipated steel strike, and not so many ships were made available for the movement of wheat; but within the last few days there has been an increase in the movement of wheat from the lakehead. Care is being taken—I spoke to the Minister of Transport about this—to see that those grain ships are not delayed in their passage through the Welland canal.

INQUIRY FOR RETURNS

LIST OF ORDERS OF THE HOUSE STILL OUTSTANDING

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to raise a question of privilege which affects all hon. members. On Monday the Secretary of State was good enough to table a list of the unfilled orders of the house. There are over 30 of those orders which were passed before May 1, and there are about 10 more which were passed in May. A surprisingly large number of them are orders which were directed primarily to the Minister of Northern Affairs and National Resources, whose estimates are to come before the house today. I wonder, sir, whether the leader of the house would urge not only that minister but all his colleagues to try to comply with those orders as quickly as possible, as I feel it would facilitate the completion of the business of the house.

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Speaker, since my name was mentioned on this matter of privilege I should like to make it clear

that I have arranged with the hon. member for Assiniboia to get three of those orders for returns to be brought down next Wednesday. Three of the questions will be answered and are being brought forward today. I should also like to make it clear that many thousands of hours go into the preparation of these answers.

SUPPLY

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

DEPARTMENT OF VETERANS AFFAIRS

448. Departmental administration, $2,437,352.

The Deputy Chairman: This item will be found on page 81 of the blue book and the details on page 549.

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Chairman, it is customary at this time for the minister responsible for this department to review the progress made and to deal with the various aspects of the work of the department, and I propose to do so briefly. I am particularly pleased to have the opportunity to do so this year because since the end of last session I have been able to visit most of the district offices of the department, as well as our treatment institutions across the country.

I may say, Mr. Chairman, that I have found this a most interesting and enlightening experience, and it has given me a much more accurate perspective of the work carried out by the department in looking after veterans problems in the field. In the light of my own experience I am convinced that very few hon. members are fully aware of what is actually involved in the administration of the so-called veterans charter. I believe, therefore, that it would be useful to the committee to get a first-hand report of what I have been privileged to see.

While it is true that the estimates of the department have already been before the standing committee on veterans affairs and that some of this information was given to that committee, I think other members will be interested in it as well. Incidentally, I should like to express my appreciation to the chairman and the members of the standing committee for the excellent work which they are again doing in the interest of our veterans. Previous committees have set a high standard of good will and co-operation in this respect, and the present committee has more than upheld this tradition.

I should like to deal first with the administration of the Pension Act. In my travels across the country and in my personal contacts I have been greatly heartened by the expressions of confidence which I have received both as to the provisions of the legislation itself and its administration. I have said that in these matters there is no finality, no closed door. It is my hope that in the not too distant future, next session in fact, we shall again bring this legislation before the parliamentary committee on veterans affairs with a view to being assured that our legislation shall not fall short of our intent.

All of us who have been close to this national undertaking are aware that its object is to seek to assure that no Canadian who has suffered a disability in mind or body arising out of his military service or, in the case of combat service, incurred during such service, shall be denied such measure of assistance as may be possible under the act. Parliament in its wisdom having enacted legislation, has deliberately removed its administration from the sphere of personal or political influence. The pension commission has been given the dual responsibility of interpreting and administering the act. By statute there is no appeal from its decision; that is to say, in so far as the Pension Act is concerned an appeal board of the commission is the court of last resort.

The administration of the Pension Act is big business even in this era of large expenditures. The committee will be interested to know that the current budget of the Canadian pension commission is $151,474,000. There are currently 187,015 pensions in payment, including awards to dependants. You will not be surprised to learn that there is a constantly growing rate of decline in the number of pensions payable for service in world war I. The years are taking their toll of both pensioners and their wives. The number of children currently of age for additional pension is declining sharply at the same time.

For this reason mainly the current liability for world war I is shrinking each year and at an accelerated rate. At the same time the world war II liability continues to increase and presumably will continue to do so for some years to come. However, despite the most recent increases in the rate of pension awards and the current increases on world war II account, there has been a slight overall reduction in the total liability in the last two years. This must not be attributed to any lessening of benefits or narrowing of the qualifications for entitlement. On the contrary, the actual benefits to the individual pensioner have been materially increased during this period.

I should like to say a few words, Mr. Chairman, with reference to war veterans allowances. The general administration of the War

Veterans Allowance Act is under the jurisdiction of the minister except as to the authority to deal with and adjudicate upon applications made under the act. This authority is vested in a board located in Ottawa and in the district authorities which are established in each district of the department across Canada. The district authorities and the veterans welfare services in the districts constitute a field force which handles the processing of applications and reviews, arranges for medical examinations when indicated and performs all other duties pertinent to the adjudication of applications for war veterans allowances.

It might be of interest to mention that from the inception of the legislation in 1930 until 1950 inclusive, a period of 20 years, the total number of recipients had reached 33,877. Since 1950 the recipient strength has increased to 64,904, or almost doubled. The expenditures for the year 1950-51, inclusive of the assistance fund, amounted to $23,655,155, and in the fiscal year 1958-59, seven years later, these expenditures totalled $56,966,263. It will be seen that the work load of war veterans allowances in the districts has considerably increased. The number of approved applications at present averages 800 per month.

I might point out that this act was amended at the first session of the 23rd parliament in 1957. The basic rate of allowances payable to a single recipient was increased from $720 to $840 a year and the permissible ceiling of income for a single recipient was increased from $960 to $1,080 a year. The ceiling for a recipient at the married rate was increased from $1,620 to $1,740, and for a recipient with a blind spouse from $1,740 to $1,860 a year. All these increases were effective from November 1, 1957.

There are approximately 3,000 recipients who have become eligible for allowance because of these increases. In addition, the eligibility for war veterans allowance was at the same time extended to Canadian veterans who saw at last 365 days of service in the United Kingdom during world war I, and eligibility was also granted to the widows of deceased veterans who would have qualified on this basis. Some 967 additional recipients have been granted allowances because of this extension of eligibility. Also, the period of residence in Canada required of imperial and allied veterans of world war I and earlier conflicts, and their widows, in order to qualify for the allowance was reduced from 20 to 10 years, and a great many recipients have qualified as a result of this reduced residence requirement. The additional annual allowance payable because of these various amendments to the act is estimated at $10 million.

[Mr. Brooks.]

Two further amendments improved the position of a number of recipients because of the increased length of permissible absence from Canada from three to six months in a year, and an increase in the permissible equity in a home occupied by a recipient from $6,000 to $8,000.

I should like to say a few words now with reference to the Veterans' Land Act. As hon. members know, the Veterans' Land Act was amended this year, and the amendments were very thoroughly discussed at the time the resolution and bill were before the house and also in the veterans affairs committee. I will make a brief summary of the activities and achievements of the Veterans' Land Act administration.

Up until the end of March, 1959, 77,187 veterans had been settled under the act, 33,395 as full-time farmers, 42,680 as small holder and 1,112 as commercial fishermen. This had involved a total public expenditure of $389,738,861 for land, livestock and equipment. Of this amount $191,760,874 was still outstanding and annual collections amount to $21,244,736. Including prepayments on account, 105.8 per cent of all principal and interest due and owing had been collected by March 31, 1959.

Of the 77,187 settled, 16,297 had already repaid their indebtedness and received title to their properties; 5,210 had transferred their equity in their properties to other veterans who became established under the act; 2,038 had quitclaimed their properties back to the director, some due to failure to find a satisfactory way of life in farming and some for strictly administrative or other reasons; 638 had vacated provincial land on which they had been settled by their provinces and toward whose settlement the Veterans' Land Act had made a contribution. Of the 77,187 settled only 186, or less than three out of every thousand, had to be put off their property for failure to live up to their contracts.

Under the home construction program a total of 26,423 homes had been built, or were under construction, at March, 1959. A large majority of these homes have been built by the veterans themselves acting as their own contractors under supervision by Veterans' Land Act construction supervisors, and after attending a Veterans' Land Act construction school. A total of over 700 construction schools have been held since the first one organized in 1949. Under this plan veterans have built, or are building, their own homes at a very considerable saving to themselves, and now have homes of their own which in many cases would otherwise have been impossible.

The measure of success achieved by this branch of the department should not be considered only in terms of collections, but in the rehabilitation service extended in helping former comrades meet and solve their problems and in the contribution being made to the agricultural industry as a whole. The advice given to settlers has not been restricted to line fences but, from reports I have from all over the country as well as from my own observations, I know that valuable information is being passed along to many others engaged in agriculture.

Canada is justifiably proud of its record in successfully rehabilitating in civil life several hundred thousands of its sons and daughters who served the nation so well during world war II. The great majority of these have put to excellent use the opportunities and resources provided by our legislation. They are now making a solid contribution to the Canadian way of life and are not asking for further help. However, there is a significant number of veterans and their dependents not only from world war II but also from world war I and earlier military efforts, for whom we carry a continuing and, in some areas, an increasing responsibility. It is with these that our welfare services branch is especially concerned.

The continuing work of rehabilitating the casualties of war is a primary responsibility. Battle disabilities and service diseases may be medically repaired or cured but the physical impairment remains, and may at any time give way under the excessive stress and pressures of modern life. The department knows from experience that the vast majority of disabled veterans can be efficient and reliable workers when trained and placed in jobs within their intellectual and physical abilities. But experience also discloses that disabilities may be aggravated by many post-war causes, and the appropriate job of today is not necessarily suitable tomorrow.

The need for maintaining casualty rehabilitation service is borne out by the steady volume of new and reopened cases. Over the past five years the average number of active casualty cases under service at all times has been approximately 4,600. Departmental activity reports clearly indicate that in the foreseeable future there will be little or no reduction in this figure, and it therefore follows that services for Canada's war disabled will be required on a continuous basis.

In the district office the administrative and field work related to war veterans allowance and the supplementary benefits provided by the assistance fund constitute the largest single item of veterans welfare services branch work load. Each case, on application or review, requires detailed information and careful appraisal, which is often quite time-consuming. The magnitude of this task is illustrated by the fact that during the past fiscal year 15,489 investigations and visits were made on behalf of new applicants for war veterans allowance, 44,627 for rechecks and 9,158 for assistance fund purposes.

This growing work load is consistent with the increase in recipients and expenditures of both the war veterans allowance and the assistance fund. In the past fiscal year a total of 14,055 recipients of war veterans allowance were helped by the assistance fund at a total cost of $2,095,521. In the previous fiscal year 11,819 were assisted at a cost of $1,448,278.

Now, Mr. Chairman, I should like to say a few words on the education assistance act. This is one aspect of our training program which continues to grow and is under the provisions of the Children of War Dead (Education Assistance) Act. By March 31, 1959 the total approved for training had grown to 1,406 from 1,106 reported at March 31 of 1958. Total expenditures under this program from July 1, 1953 to March 31, 1959 were $1,156,340. Each case approved represents careful work in counselling the child concerned regarding the choice of career and follow-up on academic progress. The peak years of this program are still ahead of us, and it is impossible at this time to estimate exactly how long it will last.

This act was amended during the first session of the 24th parliament to provide that certain small classes of children previously unable to benefit from the provisions of this act should be eligible for assistance. The effect so far of the enlargement of the eligible classes has been small and only a dozen or so have been affected. However, the future should show an increasing effect from this amendment, although the total number of children who will eventually gain benefits is difficult to predict.

A further amendment provided for the increase in the permissible allowance from $25 to $60 a month for a number of eligible students between the ages of 21 and 25. So far 156 students have benefited from this increase, and the annual rate of allowance to them for the fiscal year just ended is about $33,000.

The Veterans Insurance Act was amended at the first session of the 24th parliament to extend the eligibility to contract for insurance for world war II veterans and those of the action in Korea to September 30, 1962. World war II veterans had lost eligibility to

take out this insurance unless they had unused re-establishment credit available for premiums. Since the amendment some 2,727 policies have been issued for $10.3 million of insurance, of which we estimate nearly 2,000 gained their eligibility from the amendment, and the face amount of their policies is about $9 million.

The Returned Soldiers' Insurance Act and the Veterans Insurance Act were each amended to eliminate a restriction which had limited the face amount of insurance payable where a pension under the Pension Act was awarded to the dependant of a deceased pensioned policyholder. The effect of this amendment under the Returned Soldiers' Insurance Act was slight because of the long period which has elapsed since the last of these policies was issued, in 1933. However, under the Veterans Insurance Act there have been some 223 death claims which have occurred since the amendment, representing a face value of about $643,800 which, on the basis of experience, would previously have been settled for approximately $450,600 but because of the amendment have become payable in full.

For the many years that I have been a member of this house I have known that the hospitals operated by our treatment services were generally held in high regard and that the work done in them was good. It was not, however, until I had the opportunity to visit them and see them with my own eyes that I realized just how good this work is.

It is on the clinical care of patients that the greatest public interest is focused. In this regard it is, of course, essential that proper drugs, equipment and buildings be available. I am happy to report that I have found our treatment services to be second to none in the supply of such adjuncts. Our equipment is in the main of the most modern type and is everywhere well maintained. An orderly program for the replacement of out-dated equipment ensures the continuance of this situation. Similarly, an orderly program for the replacement of outworn hospital buildings has been under way for some time and is still continuing. Another five or six years should see the disappearance of the old so-called "temporary" hospital accommodation and its replacement by modern fireproof buildings which should be worthy of the high quality of work carried out in them.

Construction work on the new wing at Shaughnessy hospital, Vancouver, B.C., with a bed capacity of 314, has now reached approximately 40 per cent completion. It is expected to be ready for occupancy by April, 1960 and will replace beds and facilities in the old frame military hospital annex and in the Hycroft veterans home at Vancouver.

[Mr. Brooks.]

Planning is almost completed for the proposed new 300 bed wing at Westminster hospital, London, Ontario. It is expected that construction work will begin in the near future and will be completed in about two and a half years. Occupancy will permit the demolition of some of the older parts of the hospital dating from the first world war.

Planning is now under way for the addition of a veterans wing to the General hospital at St. John's, Newfoundland. This addition will provide for 35 active treatment beds and 30 beds for domiciliary care. It will also include an auditorium and offices as well as facilities for recreation and an arts and crafts program. It is hoped to start work on the project before the end of the present fiscal year and construction is expected to take about one year altogether.

The department has deliberately embarked upon a program to keep the practice of medicine in departmental hospitals a living, vital, progressive thing. We have allied ourselves as closely as we can to the teaching programs of universities, and we have been active in a program of clinical research in those fields of medicine which we are best suited, in view of the nature of our patient population, to investigate.

The members of this committee will want to know the extent to which this service can be extended to the veterans of Canada. It was never intended that everyone who had ever served in the armed forces of Canada in wartime would be provided with a free medical plan for the balance of his life. Such a concept would be an approach to state medicine, attended by whatever evils may be inherent in such a scheme, and would I fear alienate the good will of those of the medical profession to whom we are indebted. In any event, the department provides in its hospitals a grand total of 8,945 beds. When it is realized that there are now about 1,200,000 living Canadians who were once members of the armed forces, it will be obvious that the number of available beds is insufficient to serve all this large population.

It is the function of treatment services to make good the ravages of war. Thus the veterans who receive a pension for a service-connected disability are entitled to be admitted to one of our hospitals at any time for the necessary treatment of that disability. Similarly, the veteran who is a recipient of war veterans allowance may be admitted to a departmental hospital for any necessary treatment. Since he is dependent upon the department for food, clothing and shelter, it would be unreasonable not to provide him also with medical care.

In conclusion, with respect to the estimates which are before the committee, may I point out that in the administrative votes there is a substantial decrease of over $3 million. The group of expenditures which can be classified as payments under legislation or regulations and which total nearly $220 million of the department's total requirements of $307,285,000 is expected to show an increase in 1959-1960 of approximately $1,620,000. In the group of expenditures classed as "terminable services" the substantial increase in provision for the education of children of war dead is more than offset by the termination of unemployment insurance contributions by the department on behalf of discharged regular force personnel.

Mr. Chairman, we shall be going over my estimates item by item, and I shall be very pleased to answer any questions which hon. members may wish to ask.

Mr. Forgie: We have just listened to an historically factual and comprehensive report by the Minister of Veterans Affairs with regard to the situation prevailing in his department as of this time. I suggest that the report which he has made to parliament be published in printed form and distributed throughout the country. It is something which is really worth having, and it has brought up to date the entire veterans charter.

I do not intend to waste the time of the committee by any lengthy dissertation on this matter. The main items of the estimates have been before the standing committee. The committee has been unanimous in its report. I do not think it is necessary to repeat today what was said there. However, observations will be made on each item, of course, as it is reached.

We all in the committee appreciate the value of the services of the officials of the Department of Veterans Affairs, particularly those of the officials of the Veterans' Land Act administration and the Canadian pension commission. I think it may be truthfully said that at all times the committee has had at heart the interests of the veteran and his dependants.

A great many improvements have been made during the past few years in the legislation affecting veterans. There is one matter, however, which I should like to bring to the attention of the Minister of Veterans Affairs and which was not mentioned either in the committee or by him this morning. I refer to the question of small holdings under the Veterans' Land Act. In 1958, I think it was, the minister stated that he would make a careful investigation into this question of whether or not part-time holdings should not be reduced from 3 acres—or from 1.6 acres which the figure actually is—to the original one half acre as it was in the beginning in 1945 or 1946. As far as my knowledge goes I am satisfied that the one half acre holding was a successful proposition in the section of the country from which I come. I would therefore ask the minister to review this situation, and possibly next year we shall be able to discuss the matter in committee.

I think that is all I have to say. As I say, we will discuss the estimates item by item as they come up.

Mr. Herridge: Mr. Chairman, like the previous speaker I shall be quite brief, because we had a very thorough discussion of these estimates in the committee. I listened with interest to the historical review of the development of veterans affairs legislation and its present status. However, I do want to make a complaint. Everywhere I go I find that people pick on me. During the discussion of certain aspects of these estimates in the committee one of the officials, I think it was the deputy minister, was standing there reading over a document indicating that it was estimated that the first world war veteran would last until year so and so, and as soon as he told the committee that he looked at me. This morning the minister gave some information to the house with respect to the number of world war I veterans shrinking each year, and just at that point he looked at me. I want to protest about this, Mr. Chairman, and ask him in future to glance at someone else besides me. I am a bit sensitive in that respect.

I do want to take this opportunity briefly to express my appreciation for the courtesies the minister has extended and the prompt attention he has paid to any matter I have brought to his notice. I have no hesitation in saying of the minister that whether we get all we want from him we do know his heart is in the right place; what he has to do is persuade the rest of his colleagues that what he is asking for is justified. I would also like to express my appreciation to the deputy minister, the Canadian pension commission and the war veterans allowances board, as well as the senior officials in Ottawa, including the ladies, the district officials and the local officials. For a good number of years I have had a lot to do with the Department of Veterans Affairs, both as a member of the house and as one particularly interested in veterans questions. This is a department which has a devoted staff from top to bottom, working on behalf of the veterans and their dependants in Canada administering legislation passed by this house.

I might mention in passing that I received a telegram from the secretary of the civil

service branch representing the veterans employed in Shaughnessy hospital in Vancouver urging us to do all we could to prompt the government to grant the civil service increases which have been expected for some time. I want to take this opportunity to bring that to the minister's attention, because I think one of the best ways we can show our appreciation, particularly to the lower paid staff, is to urge the government to give the civil service increases which have been in mind and expected for so long.

The committee, I think, held ten meetings, made a thorough examination of the estimates and questioned the officials on all matters which required attention. There is no doubt that they have the information to give, or if they have not got it at the time they get it for you. We had representations from the Legion and a good number of veterans organizations on matters which are of particular concern to those groups. I might say that we heard representations with respect to the increase in pensions and war veterans allowances. The minister has no doubt noticed in the report the committee's reference to this, and we understand that consideration is being given to this matter at the present time and that legislation will be examined next year. I think a very good job was done in amending the Veterans' Land Act this year, and I believe it is a systematic way in approaching this legislation to deal with each particular act each year so we have it up to date for at least some time to come.

Then the committee heard some very interesting representations from the Hong Kong veterans and also some evidence from the officials concerned with that branch of veterans' affairs. I just want to read paragraph 18 on page 639 of the report in this connection:

> The committee appreciates the difficulties of assuring an equitable distribution of the fund. At the same time it is aware of the special problems of veterans who were prisoners of war. It suggests that, in view of the obvious impossibility of settling all claims, the problem might be partially resolved by using a portion of the remaining balance to set up a prisoner of war benevolent fund to meet the human needs of prisoners of war and their dependants. This special fund could be administered after the fashion of similar benevolent funds already operating on behalf of veterans and their dependants.

The committee gave a lot of consideration to that and they have every sympathy with the recommendation that the Hong Kong veterans receive an increase in their allowance. We also had evidence with respect to the total of the fund and the claims against it, and we came to the unanimous conclusion that this recommendation was possibly the best way to do the most for those who needed it the worst.

Then we had representations from the corps of Canadian fire fighters. I have always felt very sympathetic to their representations and their proposals, because I think the failure to recognize them is the result of some serious misunderstanding some years ago. In my opinion, from the evidence I listened to in the committee from time to time, there is some breach of faith on somebody's part. The committee suggested that as these measures are reviewed and amended from time to time consideration might be given to providing wider coverage to members of the corps as circumstances warrant. This applies particularly to the war veterans allowance as the corps members reach age eligibility.

I do urge the minister to give consideration to that recommendation of the committee. There again, they are few in numbers to commence with. Age is, of course, taking its toll, and possibly we can do something to the best advantage along the lines recommended by the committee.

Then the committee heard some representations with respect to the veterans preference regarding employment in the civil service. There has been some uncertainty in certain quarters, and to clear up any uncertainty there might be on this point the committee heartily endorsed the principle of the veterans principle in the Civil Service Act, and recommended that in any contemplated amendment of the act this principle remain unchanged.

I think it is safe to say from experience that the work of the standing committee is justified. I think we can look upon the standing committee on veterans affairs as a clearing house through which representatives of veterans organizations can advance their complaints, make their suggestions and express their opinions, and discuss things generally of interest to veterans and their dependants with the members of the committee.

I have just two other matters to mention before I resume my seat, Mr. Chairman. First of all, I do want to support the representations made by the hon. member for Renfrew North with respect to further consideration being given to the reduction of the required acreage with regard to small holdings to half an acre. If only we could get that acreage reduced to half an acre I am sure there would be thousands of veterans in Canada who would take advantage of that splendid legislation. As I have said on a number of occasions, in my constituency I

am quite positive that there would be between 200 and 300 applications from veterans who are employed by the Consolidated Mining and Smelting Company, the lumber industry, or in the mining industry in the district who would like an opportunity to obtain half an acre of land under the small holdings section of the Veterans' Land Act in order to build a home.

We do urge further consideration of that matter. In a mountainous country like ours it is most difficult even to get the 1.6 acres on occasion, and anywhere near our cities and towns it is almost impossible to get 3 acres. Naturally our town and villages are on the side of streams and face the large mountains. That leaves little room for this purpose.

I listened carefully to what the minister said about the admission of veterans to hospital for treatment, and I agree that it was not intended that this should develop into a state medical scheme for all veterans. At the recent convention of the British Columbia command of the Canadian Legion this was discussed, and I received letters from a number of branches. We raise more hell in British Columbia than in any other province. Even the Canadian Legion feels that way about us. We are that way in all respects. We are possibly the most progressive province in Canada.

Before registering my complaint in mild language, because I do not wish to be nasty, I want to read a letter I received from an old sergeant in my company which indicates that the vast majority of veterans appreciate what is being done for them by the Department of Veterans Affairs:

Nakusp, May 1, 1959

Friend Bert:

Just a line to thank you for all your favors. It is very interesting to know what goes on down there, although I am unable to read a great deal owing to defective eyes.

I have just written the D.V.A. at Vancouver. I felt that I must let them know that I appreciated what they have done for me.

After my wife died last April with eight years of medical and surgical expenses, it had left me broke and when the $90 per month came in so unexpectedly, it was such a surprise that I have not really recovered from it yet.

And I have to also thank you people down there. I fully realize that thanks sounds very weak and inadequate, but it is all I can think of at the present time. And so again I say thank you all for a very wonderful lift.

Very sincerely,

J. S. Crowell

Trust your health continues good.

Anyone who says anything against the D.V.A. will have to fight me.

I receive many letters of that type. I put this one on the record because it may give a feeling of satisfaction to the officials and everyone connected with the administration of veterans affairs. On one occasion when I was admitted to Shaughnessy hospital for treatment a neighbouring bed patient asked if I had spent five years in the New Westminster penitentiary. When I replied that up to that point I had not, he told me I resembled the chap in the cell next to him. He had been in trouble and told me all his difficulties.

I have had a number of cases referred to me of destitute veterans who were not eligible, according to law, to be admitted to hospital. I received a letter from a member of the provincial executive of the Canadian Legion in British Columbia who informed me that there were 52 empty beds when they went through the hospital. These cases arise particularly in respect of world war I veterans. With that equipment and plant available I urge that we do not fail to admit to hospital any veteran who has worn the uniform of this country in world war I or world war II. I urge that consideration be given particularly to these older men who seek admission to our departmental hospitals.

Mr. Winkler: Mr. Chairman, I wish to endorse the last statement made by the previous speaker, and also a couple of the other statements he made during the course of his remarks. In rising at this time I assure the committee that I do not wish to take up too much time. I shall briefly present my three points and express the hope that by one o'clock the minister's responsibilities here will be completed.

None of us in any way suggests that our veterans legislation is not among the best, but as is the case in all legislation there are inequities, and I wish to refer to some existing inequities in our pension legislation. Although these points were discussed at length in the standing committee I wish to bring them to the attention of this committee for an express purpose.

The previous speaker referred to the fund that exists in the department of the Secretary of State due to the fact that assets of enemy countries were seized by the Canadian government at the beginning of world war II. He suggested, as did the veterans affairs committee, that this money be used to establish a fund to take care of certain contingencies that arise and for which no provision is made under any existing legislation.

I mention this point because of a number of cases that have been brought to my personal attention. Having been a prisoner during world war II and being now a member of this committee, no doubt certain cases

are brought to my attention which may not have come to the notice of other hon. members.

Cases have been referred to me of comrades of mine who passed away at an early age leaving young wives and very young families. As was my own experience, these men were invariably discharged from the services with a small medical pension. In their particular cases they did not follow up with any great degree of enthusiasm the infirmity they had at the time of discharge. Suddenly one day these men did not return to their homes and families; in each case they died suddenly. Because of their desire to be good citizens and achieve independence there was no means by which their families could be supported following their death.

A couple of these cases were in the Toronto area and I was able to acquaint myself intimately with the circumstances. I told the standing committee of a case involving a young widow who upon the death of her husband applied to the department and was rejected under the terms of the act because her veteran husband was not in receipt of a 50 per cent medical pension. She then applied to the provincial welfare authorities. Because the veteran had been industrious, had worked hard and built up a small estate which under the terms of his will provided her with a small monthly return, she was refused support by the provincial authorities.

Here we have the case of this young widow—as a matter of fact it applies to all the cases I know of—these young widows, having a small income on a reduced basis per year for a short time, possibly 10 years, with young families and existing—and I say "existing"—on less than the mothers' allowances in the province of Ontario. I consider this a very poor situation in regard to the widows and families of those veterans.

Mr. Chairman, inasmuch as the Pension Act is to be reviewed next year, these situations should be taken into serious consideration. When the act is amended I shall certainly be active in the standing committee to see that these situations are rectified. I feel very badly about them myself as a member of parliament, and I feel considerably worse because of the fact that these men were comrades of mine. If it were brought to the attention of the country I am sure the country would also feel as I do about these cases.

The previous speaker referred to the sum of money that is under the control of the Secretary of State as the result of confiscating enemy assets in Canada. This morning we heard the Minister of Finance say that sum is not as large as the amount quoted in the standing committee, which was something over $6 million; in actual fact it is $4 milion. I do not think the Minister of Finance informed us that the claims against this fund are in excess of $100 million, but some of those claims are by large corporations which were warned in plenty of time to get out of those countries at the beginning of the second world war, and they had the opportunity to save their assets but did not pay heed. I do not suggest for a moment that this money be taken as is or that the whole amount be used, because I suppose there are many just cases that must be considered. But if there is a residual amount, then I think the action suggested by the hon. member for Kootenay West should be considered and taken under advisement by the minister and his department in the future.

Finally I should like to say a word about Sunnybrook hospital in Toronto. I suppose these conditions may exist in other veterans hospitals as well. There is a terrific increase in the number of aged veterans being taken into the hospital under domiciliary care. Since they have been taken into Sunnybrook the strain has been on active treatment beds. I believe the minister should consider the need for active treatment beds in relation, of course, to the demand; and we know and the members of the standing committee know that it is quite considerable.

I think all the members felt as I felt on viewing the situation. Because of the fact that these aged veterans are being properly cared for—and the treatment they receive is commendable—we feel that the administrative areas are being sacrificed. Certain office space, and certainly the admitting and other facilities, are being taxed to supply this domiciliary care. We also noted that the area which is used at Sunnybrook for ambulance cases is very poor, very inadequate and certainly in the cold winter months presents many difficulties. It is because of this situation that I mention Sunnybrook at this time. I hope the minister will use his influence to see that next year there will be an item in the estimates to take care of this situation and see that it is rectified for the veterans using that particular institution.

Mr. Carter: Mr. Chairman, I should like to join with others who have spoken in thanking the minister for the comprehensive review of his department which he gave us this morning. In particular I should like to thank him for the information he gave us on the treatment facilities and the new hospital facilities which are being provided for Newfoundland veterans, and the good news that they should be completed in about a year from now.

When the main estimates were first presented I was surprised to find a decrease of about $1,727,000, but I note that when the supplementary estimates are added, if my arithmetic is correct, the over-all total shows a slight increase of about $70,000. I draw attention to this fact because I think hon. members and the committee should not conclude from these figures that the estimates of this department are being stabilized or that they can be stabilized in the near future. There are several forces at work which directly affect the estimates of this department. One of the factors is the rates and scales of allowances and pensions. As the purchasing power of our dollar continues to decline these rates and scales will have to be revised upward from time to time to enable the veteran to keep abreast of the increase in the cost of living.

The other main factor has to do with the number of veterans for whom benefits must be provided. The minister informed us this morning that the number of veterans of world war I has passed its peak and that the payments to veterans of world war II can be expected to increase; but as the years advance and more and more of the old sweats answer the last roll call, payments to this group will continue to decline and eventually disappear.

In addition to the two factors I have already mentioned there are three others which, though less spectacular in their effect on the budget, are nevertheless very important. As time goes on the effect of advancing years must tend to aggravate the war disabilities of the veterans of world war II and render them eligible for increased pensions and disability grants. The inexorable march of time will inevitably render more and more of world war II veterans eligible for war veterans allowances. These payments are now limited by a means test; but, due to inflation, the ceiling has been raised from time to time and it must be expected that this will happen again in the future.

Another factor, and a more important one, is that benefits should be extended to certain groups of veterans who are not eligible at present. In addition, as Canada advances in prosperity we shall have to raise these ceilings to enable the veteran to share in the improved standard of living enjoyed by Canadians generally. For all these reasons, then, it is reasonable to expect an increase in the estimates of this department for many years to come. In fact the only way these increases can be held in check is by the stabilization of the purchasing power of our dollar and by continued prosperity which will enable the means test to come into effect even when the ceiling is raised to provide for improvement in living standards.

In spite of all that has been done under the veterans charter there is still need for further machinery to take care of those veterans under 60 whose earning capacity has been destroyed by ill health for long periods of time, and who cannot qualify for benefits under the War Veterans Allowance Act because their disabilities are not attributable to war service or because even when their disabilities are attributable to war service they cannot be certified by a medical doctor as being permanently unemployable. These veterans have no recourse but to apply for public relief.

Mr. Brooks: May I correct the hon. member there. I know he does not wish to make an incorrect statement. Under the War Veterans Allowance Act, if a man is physically unable to earn a living and is in a position economically where he cannot support himself, his disability does not have to be attributable to his war service in order for him to come under the War Veterans Allowance Act. There is provision made for that.

Mr. Carter: I thank the minister for that correction. I was aware of that, but the group I have in mind are those under 60 whose disabilities are not attributable to war service and who lose their earning capacity for long periods of time. These veterans have no recourse but to apply for public relief, and to me it seems a national disgrace that any person who offered his life for his country should have to rely on public charity in a time of personal misfortune.

We have a duty to keep before the public the fact that the prosperity and privileges we enjoy every day have been made possible by the sacrifices of our comrades who gave their all, and also by the services of those who offered their lives but were fortunate enough to survive. It is easy even for veterans to forget this fact. This was vividly brought home to me personally when along with other members of the committee I visited Sunnybrook hospital at Toronto. We were impressed not only with the multitude of activities carried on in that institution, which can almost be described as a self-contained community, but once more we were reminded anew of the horrors of war, which had become dimmed by the passage of time. There we saw living reminders of the human cost of war and living testimony to the price some of our comrades have continued to pay throughout the years.

This experience of being confronted with the grim reality of the price some of our comrades are still paying came to me as a bit of a shock, though I knew from experience

what to expect. In my opinion it is an experience that should be made available to every member of the house, to high school and university students and to as many of the adult public as can be conveniently accommodated. I hope the minister will consider this suggestion, because to me it is essential lest we forget.

When the committee was considering the first item of these estimates representations were received from several veterans organizations which in my opinion are worthy of serious study. As most of these representations involved the expenditure of public funds the committee could not make specific recommendations. However, I hope the minister and his colleagues will find it possible to give them the sympathetic and favourable consideration which in my opinion they deserve.

The corps of Canadian fire fighters in particular requested greater recognition of their valuable war service. Their request appears to me to be fully justified, and I hope the minister will find some way of overcoming the technicalities which now cause them to be classed as civilians instead of veterans. Such a change will not result in any significant expenditure of public funds.

Finally, as a representative from Newfoundland I was happy to have the minister's assurance that the Pension Act will be revised at the next session of parliament. I know I am voicing the sentiments of all Newfoundlanders when I say we hope that at that time the necessary changes will be made to put Newfoundland veterans completely on a par with those who served in the Canadian forces, in accordance with the commitment contained in the terms of union.

As other hon. members have pointed out, these estimates were thoroughly examined in the standing committee on veterans affairs. Every item was gone over with a fine-tooth comb and there was also an inquiry into the operation of the various branches. I am sure all members of the committee were impressed, as I was, with the competence of the officials in charge of the administration of the veterans charter and were thoroughly satisfied that all these funds are being administered with competence and efficiency.

All members in all parties are one in their desire to give the best possible treatment to our war veterans, and I am sure there is nothing controversial on that score either with respect to policy or the individual items in the estimates. Therefore I agree with hon. members that it should not be necessary for the committee to take very much time in passing these estimates.

At one o'clock the committee took recess.

[Mr. Carter.]

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Macdonald (Kings): Mr. Chairman, at this time I should like to make a few brief comments on "veterans preference." I know that one or two previous speakers have also referred to this subject, but I should like to take this opportunity to refer to the matter because at this time there is some suggestion that in the revamping of the civil service commission there might be a change in the handling of applications through that body. This matter is of concern, in my humble opinion, to a large number of veterans and, I might say, to many Canadian citizens who realize and appreciate the great sacrifices that have been made by veterans for their country, who feel that no change should be made at the present time.

In that connection, I should like to refer to the brief I have here, a copy of which was presented to the standing committee on veterans affairs by the Canadian Legion in March of this year. Under the heading "Civil Service" and the subheading, "Maintenance of Preference", I quote the following:

> The federal Civil Service Act is presently under review and it is anticipated that amendments to the act may result. We believe Canada has benefited by the veterans preference in that it tends to ensure that a high percentage of civil servants will be veterans who have already demonstrated their loyalty by their willingness to make great sacrifices in defence of this country. The Canadian Legion is strongly opposed to any amendment to this act which would take away any benefit presently accruing to Canadian veterans.
>
> The Canadian Legion therefore recommends—that the existing veterans preference in employment in the civil service be maintained and applied to all government departments and crown corporations.

I think it is generally known, Mr. Chairman, that the veterans preference has been in effect since world war I. This principle was firmly recognized when it was made statutory and included in the early stages of planning for the rehabilitation of veterans of world war II. I might say that within three months of the beginning of world war II a special committee of the cabinet was set up to deal with the rehabilitation of veterans, under which there was set up a general advisory committee of deputy ministers which spelled out a program of rehabilitation in answer to this question: "What does the state owe to those whose peaceful lives were disrupted by service to this country." Mr. Walter S. Woods, C.M.G., Ll.D., former deputy minister of veterans affairs, had a great deal to do with drawing up the veterans charter. I should mention also the role played by the Canadian Legion in formulating that charter. It was a most important and substantial one.

Mr. Woods, in his splendid book "The Men Who Came Back", refers to the general principles on pages 128 and 129, and I should like to read the 12th principle of the program. No. 12 reads:

> They should be given preference in the civil service similar to that extended to veterans of world war I.

This principle, of course, Mr. Chairman, only applies when the veteran concerned has passed the regular civil service examinations, so I think what is being asked is certainly not unfair or unreasonable. This system, since it has been in effect, I submit has worked out very well, and many of our best civil servants are veterans. It is natural, perhaps, to expect that those who have shown the highest form of unselfish service to their country should prove later to be the highest type of civil servant the government could hire.

I might point out that one of our veterans affairs subdepartments, the Veterans' Land Act branch, has been held up on many occasions as a model of good organization and efficient administration. The system of veterans preference has proven fair, and I think there is no justification at the present time for changing it. There are, of course, not many veterans who apply in a number of the competitions, and in quite a large number of competitions there are none who apply. There are still some however who are entitled to the privilege of veterans preference due to their service, and especially some veterans of the Korean war, who must be given consideration.

I might say that most private companies, municipalities and provincial governments recognize the principle of veterans preference in their hiring. Certainly the federal civil service should lead the way and continue the good example that has been set. The legislation in this regard has been on the books for a good many years, and I repeat that I do not see any reason for changing it at the present time.

I realize, Mr. Chairman, that this subject is not particularly the responsibility of the Department of Veterans Affairs. I only raise it at the present time because the department has a vital interest in everything connected with the veterans, so I think it is not inopportune. I might close by saying that this subject is causing a great deal of concern amongst veterans, the organizations to which they belong, and many citizens throughout the country who are interested in veterans. I hope no changes will be made.

Mr. Speakman: I should like to add my voice to that of the hon. member who has just spoken concerning the retention of the veterans preference. Since the standing committee has completed its work I have received many letters from members of the 14 Legion branches in my constituency with regard to this subject, and I am glad it has been raised by several other members.

I have one other point I should like to bring to the attention of the Minister of Veterans Affairs, Mr. Chairman. I believe this is the proper place to mention it because the minister is the advocate for veterans in Canada, although probably the matter I wish to mention would not come directly under his jurisdiction. I refer, Mr. Chairman, to the matter of having November 11 declared a statutory holiday in Canada. The veterans of Canada should be remembered. They should first be remembered by the government and the parliament of Canada.

I should like to put on the record some figures with respect to the Canadians who in four wars, in the 60 years of this century, have laid down their lives for their country. In the South African war 224 Canadians gave their lives. In world war I 60,969 Canadians gave their lives. In world war II 42,042 Canadians gave their lives. In the Korean war 312 Canadians laid down their lives in far lands but in the defence of the world and of Canada particularly.

I think it is the responsibility of the parliament of Canada to mark the day of remembrance of our war dead so that future generations will remember that 103,547 Canadians have given their lives for their country in the defence and maintenance of the freedom we enjoy. I strongly urge that the minister use his good offices with his colleagues in the cabinet to have Remembrance day made a statutory holiday and that the government —and the Department of Veterans Affairs particularly—make it a point that this day of remembrance of our war dead be honoured as much as possible all over Canada.

Mr. Montgomery: Mr. Chairman, I do not propose to take more than a few minutes, but since the hon. member for Brandon-Souris, who was the chairman of the veterans affairs committee, is unavoidably absent on official business I felt that I as vice chairman, on his behalf as well as on my own, should like to thank all hon. members who sat on the veterans affairs committee for their co-operation and their serious consideration of all matters that came before the committee. It was plain that each hon. member of that committee demonstrated his sincere interest in all matters which affected veterans, their families and their dependants, and that all were ready at all times to strongly recommend and support any legislation for the betterment of the veteran's status.

During the recess the hon. member for Kootenay West and some others suggested to me that a word of thanks and appreciation from the hon. members of the committee to our chairman should be placed on the record. Therefore at this time it is a pleasant task for me, on behalf of the members of the committee, to convey to the chairman our thanks and appreciation for his good work as presiding officer and for the manner in which he conducted all hearings and deliberations.

I also wish to say something else, and in doing so I am sure I have the full concurrence of all hon. members of the committee. To the deputy minister of veterans affairs and all members of his staff, and to the chairman and vice chairman of the pension board I want to express our thanks and appreciation for their splendid assistance and co-operation at all times, and for the efficiency they displayed in making the explanations in connection with many problems raised by hon. members.

While I am on my feet I should also like to say a word in connection with the D.V.A. staff in my own district in New Brunswick and to tell the minister and his deputy minister that their officials in my district at least—and I suspect the same thing applies generally—are carrying out their duties in the interests of veterans and veterans legislation in an efficient and courteous manner. I personally have no hesitation in saying that I could not expect better co-operation.

I also feel that the committee would wish me to say that we appreciated the attendance of the minister at all meetings of the committee when it was possible for him to be there. We have confidence in his sincere efforts to improve the status of the veterans, consistent with that of others in our society, and their standards of living.

As the time is short and I know we want to get through, I do not propose to discuss any issues. These matters have been fairly well covered in the committee and have been well covered by those who have preceded me.

Mr. Martel: Mr. Chairman, I should like to take just a few minutes of the time of the committe since I did not have the opportunity to be a member of the standing committee which studied the estimates of the Department of Veterans Affairs. I have just a few remarks to make which concern the veterans in my area in northwestern Quebec. I want to stress one point which has already been brought to the attention of the minister and the officials of his department, but since I have received an additional representation from the Canadian Legion, at Amos and Senneterre in my riding and other legions in the district, I feel it is my duty to bring this question to the attention of the minister.

The matter concerns the veterans in our area. We have an area covering practically 100,000 square miles and taking in the northern part of Pontiac-Temiscamingue riding, the riding of Villeneuve next to mine and my riding of Chapleau. Throughout this large territory there are some 6,000 veterans. We have at Amos an office to look after the Veterans' Land Act administration. A representative has been in charge there for a number of years, although last year there was a change; a new officer was appointed, but the office was maintained. However, this man is alone and he is expected to do the whole job and cover this large area. He also has to look after the welfare of the different veterans in this territory.

This is almost an impossible job for one man to do. I believe we require a welfare officer as well as the representative of the department who looks after the administration of the Veterans' Land Act. Hence with your permission, Mr. Chairman, I should just like to read into the record a resolution that was adopted last year by all the Canadian Legion branches in northwestern Quebec at the meeting held in Amos. Since this resolution is in French I will read it in French.

(Translation):

Mr. Chairman, as I have just explained, in northwestern Quebec there is a vast area to cover. It is almost 100,000 square miles and the population includes 6,000 veterans who do not get all the attention they would have a right to expect from the Department of Veterans Affairs, not because of the department's unwillingness to give them attention but because those veterans are scattered over such a vast area that it is impossible for the department to do so with only one representative. It might seem like a small number of veterans compared with the number of those around Montreal or Toronto, who do get more attention paid to them. However, there surely can be no doubt as to their patriotism, and even if they are spread out on a vast area, they are just as entitled to the attention of the department as are veterans who live in towns and cities.

I should like to read into the record the text of a resolution on this matter adopted last year on the occasion of the annual rally of northwestern Quebec Canadian Legion branches held in Amos on August 3, 1958:

From the veterans of northwestern Quebec to the Department of Veterans Affairs.

Whereas the northwest area of the province of Quebec, comprising the federal ridings of Chapleau, Villeneuve and part of Pontiac, includes over six thousand (6,000) veterans, nearly half of whom

have to do with the Department of Veterans Affairs; Whereas the only federal agency in the area is the Veterans Land Act Board, represented by a single member who also has to perform the duties of a welfare officer; Whereas the official holding both the above-mentioned offices without any help whatsoever, at the present time, in the form of an assistant, a secretary, or other persons, is finding it impossible to perform the administrative work required of him, to the satisfaction of the department and of the veterans concerned; Whereas the Val d'Or, Senneterre, Malartic and Amos branches of the Canadian Legion, after considering the matter, have come to the conclusion that this situation is mainly due to the overburdensome cumulation of two administrative offices each of which should be assigned to a separate official, to wit, an official for the Veterans' Land Act Administration and an official for the Veterans Welfare Services, with due regard for and appreciation of the work done in the cities of Val d'Or and Rouyn-Noranda by two officials of the Unemployment Insurance Commission who are allowed by the Department of Labour to give over to this work ten per cent of their office time by virtue of an agreement with the Department of Veterans Affairs.

Be it therefore proposed, resolved and unanimously carried: That it be recommended to federal authorities to improve the administration of the affairs of northwest Quebec veterans by the establishment of two administrative positions with administrative jurisdiction over our area:

(a) one representative from the Department of Veterans Affairs, Welfare Services Division;

(b) one representative from the Veterans' Land Act Administration.

And the document is signed by:

W. A. Abbott, District commanding officer.
P. H. Poitras, District secretary.
Canadian Legion, North-West district of the province of Quebec.

As I said, a representative of the veterans land act board, a new man, has been put in charge of the office in Amos, and has now taken up his duties. But the man cannot handle all the work by himself, and that is why I thought I should bring this matter to the attention of the minister when the estimates of the veterans affairs department are before the house.

(Text):

Mr. Hardie: Before the item carries, Mr. Chairman, I would like to inform the house that this morning I received a letter from the executive officers of the Vincent Massey branch of the Canadian Legion in Yellowknife, Northwest Territories, complaining that the veterans preference has not, according to the traditions of the government, been adhered to by the Department of Northern Affairs and National Resources in Yellowknife. Rather than read the whole of the letter, if the minister agrees I will give him this information provided he will investigate this grievance. I might say that the letter was written by the president to other executive officers of the Legion at Yellowknife, and these are substantial men in the community.

Mr. Brooks: Mr. Chairman, speaking generally I have found that the veterans preference has been very well observed in all departments. Of course I do receive letters of complaint, and from listening to other hon. members this afternoon there undoubtedly are such complaints. But in an organization as large as the civil service and as large as the veterans organization, there is bound to be complaint. The hon. member's particular reference appears to concern the department of northern affairs. The northern affairs estimates will be up shortly, and I am sure the Minister of Northern Affairs and National Resources will be able to answer the hon member's question.

Mr. Hardie: Am I to take it, then, that the minister is not interested in investigating this complaint?

Mr. Brooks: If my hon. friend takes it that way he is absolutely wrong. The minister has been investigating complaints of this kind ever since he has been minister. I might say to the hon. member that as a veteran myself I have always been very much interested in this question.

Mr. Hardie: I understand the interest of the minister, but in his original answer he did not give me any idea whether or not he would investigate the complaint. He laid the responsibility on the minister of northern affairs, with whom I do not think this complaint should be registred.

Mr. Brooks: Then I will take it up with the minister of northern affairs. However, I might say to the hon. member that I do not interfere with the affairs of other departments, and I do not appreciate it if they interfere with mine.

Item agreed to.

War veterans allowance and other benefits—
457. War veterans allowances, $59,785,000.

Mr. Carter: Mr. Chairman, this morning I made a statement which the minister was good enough to correct, but on checking back in my files I have come across cases of veterans under 40 who, through illness of one kind or another, have not been able to earn a living for a long period of time. I have found that these people have applied for war veterans allowance and have been refused initially because they were told that their condition was temporary, that they were not permanently unemployable.

If there is some misunderstanding on that score in the minds of officials who deal with these cases I would like to have it clarified,

but I know from personal experience of a number of young veterans who have had to exist on public charity for as long as one or two years. Eventually they were awarded the war veterans allowance, but that happened only after existing for two or three years on public charity. That was the point I was trying to emphasize this morning. If there was any misunderstanding about that and the minister can give us further clarification, I would be glad to have it.

Mr. Brooks: That is not what the hon. member said this morning, as a matter of fact. He did not speak about their being temporarily unemployable; he used the words, permanently unemployable.

Mr. Carter: Excuse me, Mr. Chairman, but I said men who had their earning power destroyed for long periods of time. These were the words I used. Long periods of time to my mind would be a year or even two years or even longer. Even six months is a long period of time.

Mr. Brooks: Under the act, as the hon. member knows, any veteran or widow who in the opinion of the district authority is permanently unemployable because of physical or mental disability, or because of physical or mental disability or insufficiency, combined with economic handicaps, is incapable and unlikely to become capable of maintaining himself or herself, is eligible for war veterans allowance.

Mr. Carter: Yes. I thank the minister for that statement. When the minister corrected me this morning I thought I had confused that term "permanently unemployable" with the terms of the civil disability pension under the Disabled Persons Act administered by the national health and welfare. What I was trying to get at was that there is a need for something to be done because it takes such a long time to decide whether the veteran's condition is going to be permanent, and although the decision is eventually made it may be delayed for two or three years. During that time the veteran is forced to exist on public charity, and I for one do not think that is good enough. I think we should be able to provide some means of taking care of such cases.

Mr. Brooks: I assure the hon. member that if he would bring any particular case to my attention I will deal with it and try to work out some solution.

Item agreed to.

Canadian pension commission—

463. Administration expenses, $2,593,195.

Mr. Carter: Mr. Chairman, on this item I just want to renew the plea which the minister receives annually, I think, from veterans. There is need for greater care in granting the veteran the benefit of the doubt. In recent years more and more cases have come to my attention in which the veteran has not received the benefit of the doubt. I should like to take a moment or two to cite a few examples.

I know of the case of a veteran who was accepted into the navy with a lame leg. After a number of years of service he was discharged. He did not apply for pension, but after having been in civilian life for a number of years the leg became worse. Being a veteran he applied for a pension. The board decided that it was a pre-enlistment disability not aggravated by his service in the navy, so he did not receive any pension. This man cannot now earn a living to support his family and has to live on public charity.

With all due respect to medical opinion I find it difficult to believe—and I regard myself as a reasonable person—that a lame person could go into the navy and serve for two or three years without aggravating his infirmity but the minute he engages in a civilian occupation his condition immediately begins to get worse. This does not seem to me a reasonable stand.

I have another case of a veteran who was taken into the service with defective sight. In North Africa it got worse and he had to be discharged. He applied for a pension and was told his disability was pre-enlistment, not aggravated by his service, and he was denied a pension. It seems to me there is something wrong somewhere. Perhaps the doctors who assess these cases are not aware of the need to give the veteran the benefit of the doubt. It appears that if they can find a loophole at all they use it to give the benefit of doubt to the department. A veteran may have a nervous breakdown or some nervous disorder five, six or even ten years after discharge. Who can say that his service did not contribute to the breakdown? I believe there is a need for greater care to be taken in giving the benefit of the doubt to veterans who apply for pensions.

Mr. Brooks: In reply to the hon. member let me say this. In the case of the veteran who came into the navy with a disability, which case the hon. member cited, I take it that the medical history during the man's service indicated that his condition was not aggravated by his service. Some years after he left the service it did become aggravated. The hon. member can appreciate that these cases are very difficult. I was a member of the standing committee on veterans affairs for a number of years, and I recall that the question of benefit of doubt was considered

by many committees. We attempted to introduce a section in the legislation which we thought would cover all this problem.

I have looked through many files on such cases. If hon. members could see these files and appreciate how these matters are studied and restudied they would agree, as I had to agree myself, that the benefit of the doubt was given to the veteran in 99 cases out of 100. It is a question sometimes of whose doubt it is. As far as the act is concerned it must be the doubt of the board and the experienced and competent men who serve on it.

I frankly do not see how the act could be improved very much, but we would appreciate it if the hon. member and any other hon. members in this committee would refer to us individual cases which come to their attention. If we can assist in any way we will.

Item agreed to.

Soldier Settlement and Veterans' Land Act—

466. Administration of Veterans' Land Act; soldier settlement and British family settlement, $5,152,331.

Mr. Forgie: Mr. Chairman, I assume that the Minister of Veterans Affairs and the Minister of Agriculture have their heads together on the question of the farm credit act we have been putting through. I would like to know what department will be responsible for the appraisers and inspectors who will be borrowed from the Veterans' Land Act administration and called upon to make evaluations, appraisals and inspections of the farms of those who borrow under the farm credit act.

Mr. Brooks: These men will be retained by the administration of the Veterans' Land Act. They will be loaned to the farm credit corporation, but as far as we are concerned they will come under us.

Mr. Forgie: Will they be loaned for a fee or will it be gratuitous?

Mr. Brooks: The Department of Agriculture will pay the fee to the Department of Veterans Affairs.

Mr. Forgie: I understand that the Canadian farm loan board has 10 provincial offices and a head office. This board is about to be disbanded. The Veterans' Land Act administration has 8 divisional offices and a head office. There is only one office in the Atlantic provinces for the V.L.A., which I understand is located at Saint John, New Brunswick. What is the policy of the department in connection with these offices? Could the V.L.A. and farm credit corporation credit offices be merged? If this were done the operation would be more economical. Is that in contemplation?

Mr. Brooks: As far as my department is concerned we are responsible only for our V.L.A. officials. I do not know what details are under contemplation in the Department of Agriculture, but I will inquire about it. The act has just been passed and the principle decided on. As far as its application is concerned, the details have not been worked out.

Mr. Forgie: Would the minister not agree that it would be an economical proposition from the point of view of administration if the offices in the various sections of the country were merged?

Mr. Brooks: I can assure the hon. member that the economics of the suggestion will be carefully considered by my department and the Department of Agriculture as well.

Mr. Herridge: For years we have been urging a reduction in the size of holdings to one half an acre. What is the objection to this? I see no common sense reason for it.

Mr. Brooks: That is a very good question but not an original one, as the hon. member knows, because it has been considered for many years. Originally the three acre small holding was granted as a rehabilitation measure to a veteran who was a pensioner or who had retired. It was felt that to supplement his pension, retirement allowance or whatever it might have a veteran might want to do some farming on a small holding. That was the original intention. That is why small holdings were introduced.

Later on it was suggested that it might be better to reduce the holdings to one half an acre. The suggestion was then made that we should make it a housing proposition. This was never adopted by any veterans affairs committee. As a matter of fact my hon. friend will remember, as I do, that the question was debated and the proposition turned down on every occasion when it came up for discussion because it was felt it did not comply with the original intention.

I have no great objection to it myself. I assure the hon. member that I will study his suggestions with my officials and if it is found practical to do so, a plan will be worked out. I would have been pleased if the hon. member had raised this question under the V.L.A. when it was before the committee a few weeks ago. That would have been an appropriate occasion on which to discuss it.

Mr. Herridge: I did, but I appreciate your telling us you will look into the matter, because it is of importance to many.

Item agreed to.

The Deputy Chairman: That completes the estimates of the Department of Veterans Affairs. We shall now take up the estimates of the Department of Northern Affairs and National Resources.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

261. Departmental administration, $866,273.

The Deputy Chairman: This item will be found on page 54 of the blue book, with the details on page 362. Shall item 261 carry?

Hon. Alvin Hamilton (Minister of Northern Affairs and National Resources): Mr. Chairman, I should like to take this opportunity to make a report on the progress of the national development program. Up to this time there has been no coherent account of the program on *Hansard*, and I should like to do what I can to try to get it in perspective.

In the first place, the national development program covers several departments. Under the act that serves as a guide to the operation of my department there is a clear directive to formulate resource development and conservation plans in co-operation with other departments, provincial and municipal governments and private interests. Therefore I will take the liberty of mentioning aspects of the development plan which come under other departments as well as my own.

The departments of agriculture and trade and commerce have made a good start on the basic cornerstone of the development policy by embarking on the implementation of a national agricultural policy. Cash advances, the Agricultural Prices Stabilization Act, the crop insurance legislation, the farm credit legislation, are important items in the field of statute law to start a fundamental revision of agricultural policies in Canada. Increasing sales of wheat, box car allotment, grain demurrage charges, an investigation into the spread of prices between producer and consumer and import controls on farm products are examples of the aggressive attitude of this government toward problems that have faced agriculture for some time. We recognize that without a sound agricultural industry there is no foundation on which to build a larger and more prosperous nation.

The national development program has as its ultimate aim the increased processing of our tremendous natural resources, using the increasing reserves of various forms of energy available in Canada. It was no accident that the first move of the new government when it met parliament in October, 1957 was to announce a royal commission on energy. I am proud to sit in the present parliament which passed the national energy board act and put into effect the main recommendations of the royal commission. It gives to us responsibility for planning the first ingredient for a national energy policy, namely a board that will keep a rolling inventory of our energy resources and advise the government on the best use of all our energy resources in the national interest.

The development program falls into three main divisions in so far as the first stages of the plan are concerned. These are first, delineation of resources; second, power; and third, conservation. The delineation part of the program is going well. The purpose of this part of the plan is to open up Canada for exploration and development. We must find out what we have, where it is and how much we have of each type of renewable and non-renewable resources. Good work has been done over the years on the forest inventory program, water power, fish resources and wild life, while very little is known of a great proportion of our country horizontally, and even less vertically. Obviously the first need in a development plan is to have ready access to this information. The means used to achieve this are roads, air fields, water and sea transport, railroads where economic, and the concomitant necessities of research of all kinds, radio, radar, weather stations, and so forth.

The roads to resources program has aroused a good deal of interest. The Prime Minister announced on February 12, 1958 that there would be approximately a $100 million road program in the Territories and Yukon in the next seven years. I have made it clear that economics would play a large part in setting the priorities of the proposed parts of this grid system through the potentially wealthy parts of northern Canada. For instance, the level of activity of oil and gas exploration in the northern Yukon and the lower Mackenzie valley makes it mandatory that we push forward the road from Flat Creek to a terminal on the Arctic coast or Mackenzie estuary as rapidly as engineering and efficient operation allow us to move.

On the other hand, the balance of interest along the planned route to Great Bear lake from Great Slave lake seems to be less than the interest in the mineral resources around Great Slave lake. Therefore we are now considering shifting our survey crews to the Yellowknife-Fort Reliance road. The same sort of economic criteria are applied to each

road. Within the over-all framework of the government's development policy an inter-departmental committee advises me on the choice of routes and sets the priorities for construction. The engineers of public works advise me on the standards, call for tenders and supervise construction.

There is little value in having a grid system of roads in the new territories, Mr. Chairman, to open up new petroleum and mineral areas in the territories unless there are roads or railroads or waterways to tie up to the settled areas to the south. Therefore the second aspect of the roads to resources program is a series of co-operative agreements with the provinces. We have offered to pay one half the cost of roads in the provinces that will open up new resource areas. At the present time nine provinces are working on such roads. One provincial agreement has been signed with the province of British Columbia, and I hope the final polishing up of the terms will permit the working agreements to be put into written form at an early date. The federal government has agreed to pay one half the cost up to $1,500,000 per year to a total of one half of a total of $15 million for each province over a period of years that is mutually satisfactory.

Under the roads to resources program some 2,000 miles of road are planned for the Territories and Yukon, and over 4,000 miles in the provinces. I believe the people of Canada will agree with me when I say that this program is imaginative and has been carefully planned. It gives to Canadians the satisfaction that the government is actively carrying out the people's expressed wish to open up their country for exploration and development.

In addition to roads, other means of access must be improved. The committee has already heard of the plans to take over the air fields in northern Canada associated with the D.E.W. line. This will be a two or three year operation and will make it much easier for private exploration teams to move freely in our far northern regions. This operation is being carried out mainly by the Department of Transport. In addition to these air fields, other air strips are being considered, weather reporting services are being improved and navigational aids are being provided and improved.

The Department of Transport is engaged in getting know-how on large scale resupply operations in the Arctic. Last year the western portion of the D.E.W. line was supplied by the Department of Transport. This year they will resupply all D.E.W. line stations. Increased tonnages generally are being moved with greater confidence. My personal compliments go to the men of the marine division of the Department of Transport, the men who plan the operations, those who operate the icebreakers and the supply ships. In addition, one private enterprise company with tug and barges moved from Vancouver to Spence bay and back last summer. If this deed had been done five years ago it would have been called an international saga of the northern seas, but now it is becoming just a routine operation.

Another part of the department's operations that deals with delineation of resources is the winter work program of co-operation with the provinces in building forest access roads. Under this eight months a year program the federal government pays 50 per cent of the cost. Provincial officials tell me that this is one of the most appreciated programs of the government.

The total estimated cost to the federal government of the road program to open up resources during this first stage of development is about $200 million. I cannot accurately estimate at this time the cost of the other parts of the delineation program. In view of the tremendous activity already generated in oil and gas exploration and the even greater activity that I expect in the mineral field, I suggest that this part of the program will be regarded in years to come as having been responsible for one of the major surges forward in the opening up of our country. Possibly it will be comparable to the building of the C.P.R.

The second part of the development program deals with power. Any person who examines the resources of Canada soon becomes aware of the importance of power. Power is not just obtained from water resources. The best thinking now is clear that the largest amount of power at the lowest price comes from a combination of thermal power and hydro power. The thermal power to provide the base load can be produced from coal, uranium, natural gas, oil, butane or propane, depending on the presence of these energy fuels. The power from water can best be used for peaking purposes.

Therefore in planning for the best use of our energy resources we will have to assess the ability of a region to supply the necessary power. Applying that reasoning to the Atlantic provinces, the house can appreciate why I asked the premiers of the provinces of Nova Scotia and New Brunswick to allow me to include Prince Edward Island and Newfoundland in the Atlantic Provinces Power Development Act. It explains why the federal government offered to build transmission lines in Newfoundland emanating from Bay d'Espoir. To us it seems elementary that we should encourage transmission lines in those eastern provinces in the expectation

that eventually there will be a grid system covering the whole Atlantic area. In that way the coal of the Atlantic provinces can be tied in with the hydro power of the Saint John, the Passamaquoddy and the Hamilton rivers.

There are those who scoff, Mr. Chairman, at thinking ahead like this, but my answer is that not only is this the only course to follow, but when I see these older provinces by the sea trying so hard to help themselves I know that this government will not fail them by being frightened of a little ridicule by making known its long range plans.

The provinces of Manitoba and Saskatchewan are also showing a laudable desire to work together by joining their transmission lines. The whole Nelson-Saskatchewan-Churchill system will have to be examined to plan for the eventual full utilization of the hydro power in this area. Fortunately the prairies have large quantities of fossil fuels to integrate with their hydro. Ontario and Manitoba co-operate closely, as do Quebec and Ontario, in the interchanging of power.

Probably of most interest to the committee is present progress on the Columbia river. A year ago we were still awaiting relevant engineering reports. Last fall, after a full study of both the engineering and economic aspects of the Columbia river system, we decided to enter into a co-operative effort with the United States to use fully this great water resource on condition that the United States government agreed to a fair division of the downstream benefits. A great forward step was taken when the government of the United States agreed to negotiate with us on this basis. Once these two key decisions were taken we immediately set up a joint policy committee of the dominion government and the government of British Columbia. This liaison committee is composed of two dominion ministers, the Secretary of State for External Affairs and myself, two British Columbia ministers and technical staffs from both governments.

Meanwhile the international joint commission is working out the complex problem of deciding what the downstream power benefits and flood control benefits amount to and what system of division should be adopted. The international joint commission meets almost every month. A close liaison is maintained between the joint policy committee and the international joint commission.

It is my opinion that success will attend all these efforts. In the first place, both countries know that by co-operation both nations can receive more units of power at a lower price. Second, all parties know there has to be a fair deal for both countries. Because of our common democratic procedures, any decision will have to be ratified by the United States Senate, and it must be satisfied that their country benefits from the arrangement. In Canada the decision will have to be approved by the legislature of British Columbia and the parliament of Canada. We certainly will want to assure ourselves that a full share of the downstream benefits created by Canadian storage will be paid to British Columbia in the form of power.

I detect a great desire on both sides of the border to push this great project to a conclusion. When one realizes that the power at stake is several times the amount produced at the new St. Lawrence seaway dam at Cornwall, one can appreciate the tremendous importance of this deal to the northwestern United States and British Columbia.

Once again, with respect to development on the Columbia river we visualize the multiple use of resources. The strategic coal reserves of British Columbia and Alberta will fit in very nicely with these vast hydro resources to provide more and more of the base load power for the eastern end of the transmission grids. It is no accident that the new energy bill contained a clause allowing for 25-year export licences for electricity. I have every expectation that the present small boom in the coal mining industry of the Crowsnest region will spread to other parts of the coal areas.

In addition to the above developments, we are continuing studies of the Saint John river, the Fraser river, the Yukon river and the Fort Smith area, and soon I should like to organize a study of the Nelson and Churchill river systems.

Thus it can be seen that our development policy is moving steadily forward on building up the basic regional ingredients of a national power policy. This policy will include all forms of energy, and explains how urgent a national energy board is to our plans. To be able to proceed economically with regional power grids we have called in provincial power commissions, private power companies, electrical equipment companies, to join with our research agencies in a co-ordinated attack on the problem of long-range transmission of electric power.

By increasing our knowledge of raw materials and our energy resources we will be better able to reach the ultimate goal of greater processing in Canada to provide for a bigger and better Canada. The vision of a nation on the northern half of this continent moving toward its destiny is not just a dream. It is a realistic effort of many dedicated people who have been brought out of backwaters to help implement a new, positive conception of the role of government.

In this whole program there are no more dedicated people than those in the Department of Mines and Technical Surveys. This department is the eyes and ears of my department. It is no fault of theirs that 55 per cent of Canada remained unmapped, nor that it would have taken 250 years more to complete the necessary hydrographic surveys of our coastal waters. It gives me great pleasure to say how happy I am that this government has agreed to plan to double the hydrographic service and the geological service in the next five years. All Canadians will be proud that a Canadian scientific expedition is now operating, and will operate every year in our Arctic islands to give us basic information so desperately needed for our development program. The metallurgical division of that department has been examined and found equal to the tasks that are before them. I fully believe that the Department of Mines and Technical Surveys is completely aware of the part they must play in the development program. I feel that they will meet the challenge. I want to express my personal appreciation of the efforts their members have made to give my department the information we require.

The third part of the development program deals with conservation. In my personal opinion, and I hope of others, this is perhaps the most important part of the national development program. This is a concept of the multiple use of resources. This is a concept of co-operation with the provinces, with conservation boards, with private organizations and with individuals and universities. A start has been made. All the provinces met with the dominion government last November. The decision was made to hold a full scale conference in 1960 to deal with renewable resources. In the meantime the provinces have submitted reports on what they are doing and what gaps exist. We are providing the secretariat to work under a joint dominion-provincial steering committee. A great deal has to be done this summer and fall in the preparation of the basic material for the conference.

The needs of various regions differ, but I am sure that we can decide on the principles under which the various governments and agencies can operate. We must succeed in getting all groups to commit themselves to a positive program of using our resources to the best advantage for the future of the people of Canada. There are many things such as northern research, the national parks, historic sites, wildlife, in my department that play an important part in the over-all development plan. There is the atomic energy program which plays a key role in that program. I could, if I had more time, give you some idea of my plans as to how the national development program will bear upon our centennial celebrations. But I believe I have said enough to indicate that there is a coherent working out of the blueprints and that the vision is shining brighter every month.

I should like to add a few sentences on human resources. A few months ago *Maclean's* magazine published one of the most moving accounts of human thought and endurance that I have ever read. It was written by Farley Mowat. I recommend to every member of the house and every Canadian the readings of this story. Here, in clear and powerful prose, an attempt is made to look into the minds of people thousands of years removed from us in civilization. Read that story and you will understand why my department, and this government, is not going to overlook the tremendous assets and personal needs of these old and long-overlooked Canadian citizens. We cannot take unto ourselves the smugness that we will always be right in our dealings with these first Canadians. We know that they are human beings who have a great need and a great potential. This government, to the limit of its knowledge will not fail our Eskimo people.

Last year, for the first time in over a quarter of a century, my department appeared before the standing committee on mines, forests and waters. It appeared before that committee again this year and, as hon. members know, a very forthright report was tabled in this house a few days ago. Officials in my department who appeared before that committee were told to express themselves freely and without reservation. The members of the committee recognized this, I believe, and were very searching and forthright in their questioning. Their report makes many worthwhile observations and recommendations which deserve, and are now receiving, full consideration by my department. I can assure hon. members that I welcome the vigorous approach the standing committee took in its examination of my department. I can assure you, Mr. Chairman, that my officials are now taking an equally vigorous approach in their examination of the observations and recommendations.

I believe that Canadians generally support northern development, and that they understand that costs in the north must inevitably be greater than costs in the more populated southern areas. This, of course, does not excuse or justify lavishness, waste, or inefficiency, and since I have taken over the Department of Northern Affairs and National Resources I have taken steps to ensure that

the standards and scale of northern administration do not exceed those that are absolutely necessary, and that full advantage is taken of new techniques and new materials to achieve every possible economy, both in construction and operation. To do this, of course, involved securing the best available engineering advice. During the past two years, therefore, I have strengthened the engineering division of the department by securing a new chief of the division whose qualifications and northern experience are well known to some members of this house.

In the north one of the greatest factors in construction is the high cost of freight to the site. In order to minimize this, the bulk of our smaller buildings is now designed for prefabricated construction. This type of construction will reflect a considerable saving in freight costs, and in addition will greatly reduce erection costs. For the average size 2-bedroom house it is estimated that the initial construction will be 10 per cent lower than by normal construction methods. By using an advanced lightweight aluminum-clad prefabricated panel, maintenance and operation costs are being greatly reduced. Wherever possible buildings will be grouped to permit central heating, plumbing, and electrical services for further savings. In all—savings in construction, maintenance and fuel—there should be a reduction of at least 25 per cent, and I hope as high as 33 per cent. We are hopeful that this percentage reduction will be even greater in the more remote locations.

Due to severe climatic conditions the cost of heating our buildings is a major factor. Our new prefabricated designs specify materials with a high insulation value and an airtight seal between all panels. Further studies are being made of new materials and construction methods in order to achieve even greater economies and maximum space-to-weight ratio.

Bulk oil storage facilities are being introduced to a number of smaller settlements. In addition to reducing the cost of freight, the losses inherent in the use of fuel drums are eliminated. This alone should cut fuel costs at communities where bulk delivery is possible by at least 33 per cent. In the utilities field, the branch has arranged with Atomic Energy of Canada Limited to carry out studies of small atomic reactors capable of providing economical heat and light. The method of calling for construction tenders has been reviewed and significantly improved. At remote locations we have worked toward the objective of having the design and supply of materials one year, and construction the following year in order to take full advantage of climatic conditions.

[Mr. Hamilton (Qu'Appelle).]

We are working toward the earliest possible dates for tender calls. This will afford a greater opportunity for the interested contractors to visit the sites, to submit more realistic bids, and to get on the job early in the short construction season. New tendering procedures worked out by the Department of Public Works have greatly increased the number of contractors who are interested or actively engaged in northern construction.

I can assure the committee, Mr. Chairman, that my officials are more cost conscious than they have ever been. In closing, Mr. Chairman, I should like to say that I am also fully conscious of my responsibilities in this regard.

Mr. Hardie: The minister dealt very lightly with the estimates which we are considering at the present time, namely those of his own Department of Northern Affairs and National Resources. However, he covered a wide field, all the way from wheat in the Department of Agriculture to the Department of External Affairs. In his usual manner he spoke vaguely and in general terms of the vision. Of course Mr. Chairman, I should say that his statement is certainly in keeping with the very little he has done about implementing this vision. Of course, there are reasons for this. The Oxford dictionary says that a visionary is a person able or accustomed to seeing visions; capable of receiving impressions by means of vision; given to fanciful and impractical views; speculative; dreamy, of schemes, plans, incapable of being carried out or realized; fantastic—

Mr. Hamilton (Qu'Appelle): Were you referring to Mr. King there?

Mr. Hardie: I am speaking of you, sir. The definition continues: impractical; characterized by fancy or imagination without corresponding reality. This definition suits the Minister of Northern Affairs and National Resources to a "T". I am sure the people of Canada will remember the many promises made during the last election campaign with regard to opening up the north. Mr. Chairman, I do not intend to spend too much time on these promises. However, I should like to outline briefly what this program meant in terms of roads and cost of those roads and to show the committee just how impractical this sort of policy is at this particular time.

Thousands of miles of road were promised. The total figure that I estimate it would cost this government to implement the roads they promised in the Northwest Territories is $200 million. The minister earlier said that the amount was $100 million. But his estimate now is as absurd as was the estimate he gave last year before the committee on mines, forests and waters of constructing a road from Flat Creek in the Yukon to some

place along the Arctic. At that time he told the committee that the cost of that road—with a good surface, at least according to him—would cost in the vicinity of $5 million to $8 million. This year, before the same committee discussing his estimates, the estimate is now doubled. I told the minister a year ago and I tell him today that the $100 million he suggests would not build all the roads that he promised during the election campaign. It will come closer to $200 million.

In any event, hon. members will recall that when the minister was before the committee on mines, forests and waters a year ago he told us that he had extended the roads program of the former administration by many more miles of roads than was suggested by the former administration to the Gordon commission in 1955. He said that the only difference between his government's program and that of the former government—in addition to that extra mileage of road—was that he intented to speed up and accelerate the road building. I should like to quote from page 16 of the evidence of that committee of Thursday, June 5, 1958. This is what the minister said in this regard at that time:

> About the only thing that I did as minister was to bring these programs for 25 years down into a five-year program, that is as far as they affected the territories.

In other words he was going to speed up the former administration's program which included many miles of road and which I would say would have cost $100 million to $150 million. He is going to do this in five years.

In order to give the committee an idea of the areas those roads would serve, I will just refer to one particular proposal made by the minister, that of the road from Fort Reliance on the east arm of Great Slave lake to Eskimo Point on the west shore of Hudson bay. A road connecting these two points would be somewhere between 500 miles and 600 miles in length through rough, uninhabited and costly road building country. At the present time there are six persons living at Fort Reliance, four employed by the government and two trappers. At the other end of this road at Eskimo Point there are approximately 100 Eskimos and in the area in between a handful of people.

An hon. Member: Any igloos?

Mr. Hardie: That could be. The area between these two communities has had little if anything done in the way of geological surveys. Hence we know little of its mineral potential. In speaking of this road to the northern Saskatchewan development conference in Saskatoon in November, 1957 the Saskatchewan *Star-Phoenix*, in reporting the minister's speech said this. This is referring to this particular road I have just mentioned. This is apparently an argument he advanced to justify the building of this road. This is what the newspaper says:

> Though Mr. Hamilton would not name the area, he said that northwest of Eskimo Point there were fabulous from ore deposits, greater in extent than the Mesabi range that started and helped the United States to achieve its present great industrial development.

Mr. Chairman, the fabulous iron ore deposits of which the minister was apparently speaking were those at Rankin inlet where North Rankin Inlet Nickel Mines are now operating, and where, from what I know of the situation, they have been having their difficulties in extending their ore body to keep the mine producing at its present rate. The area in which that mine is operating was used by the minister, as I said before, to justify the building of this road.

Last fall, in a television program that I myself saw, a Mr. Webber, an official of North Rankin Inlet Nickel Mines appeared with the minister and a Dr. Byrd of McGill University and discussed this development program. During that television discussion Mr. Webber pointed out to the minister that a road program would not assist his company at Rankin inlet because of the fact that they are using, and will continue to use, the sea lanes which provide the cheapest means of transportation. But not too long after this program was carried by the C.B.C. the minister, speaking, in Saskatoon in September of 1958, apparently changed his tune. I should like to quote now from an article appearing in the Saskatoon *Star-Phoenix* of September 23, 1958 and headed "Mr. Hamilton's Northern Vision". A portion of this report reads as follows:

> Mr. Hamilton described the U.S. atomic submarines Nautilus and Skate, as a new breed of ship which "in our lifetime", may revolutionize intercontinental maritime transport to an extent almost comparable to the changes brought about on land and in the air by the automobile and the aeroplane. He visualized submarine cargo ships coursing the world's oceans within 10 or 20 years and said Britain—

And this is the part I want the committee to take into consideration.

> —already had submarine tankers and ore carriers on engineering drawing boards, the latter planned as carriers of Hudson bay iron.

That is the same iron ore that we are speaking of at Rankin inlet, the Hudson bay ore.

Mr. Hamilton (Qu'Appelle): The hon. member knows that is not right.

Mr. Hardie: I am reading what the minister said.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I do not want to interrupt the hon. member, but I am sure he would not want to put on the record inaccurate statements. When I was referring to the iron of the Hudson bay area, the reserves are very large. Everyone knows that the Rankin inlet mine is a zinc and copper mine, and nickel as well.

Mr. Hardie: Low grade iron. I think if the hon. members of the committee took a look at a map of the area it would be clear to them that the building of a road such as the one I have mentioned within the next few years certainly is visionary, and any person with such an idea could be considered impractical, fantastic and utterly devoid of corresponding realities. It also points out that the reference to the igloo to igloo road program of the government, made by my leader during the last election campaign, and which was related solely to the employment aspects of road building, may not be as far-fetched as a lot of people would like us to believe, even in other respects.

Let us now consider what has been done since this government took office, and what will be done this year according to the estimates now before us. First of all let us deal with what has been done and will be done this year in the Northwest Territories. The major project is the extension of the Mackenzie highway to Yellowknife. This road was started in 1956-57 by the former administration, and when this government took office approximately 90 miles had been built. The plan of the former administration was to complete this road by 1960, and I must say that the present government plans to do this according to the estimated figure for this year. In addition to this project they have carried on with the program of providing short access roads in the Wood Buffalo park to assist not only in their own work in the park but also for the benefit of the lumber and forest products industry in the same area. A road planned by the department some years ago between Fort Fitzgerald and Bell Rock, a distance of 28 miles, will also be built this year. In the Northwest Territories we find that for the first two years this government has been in office they will complete roads which were started by the former administration but not one single mile of the minister's so-called new road program has been started.

In fairness I must say that of benefit to the Northwest Territories the federal government and provincial government are now sharing on a 50-50 basis the rebuilding of certain stretches of the Mackenzie highway within the province of Alberta, and for this I am sure the people of the Northwest Territories are very happy. In any event, the total to be spent this year in the Mackenzie district on roads will amount to $6,895,600. In addition to this I presume $1,500,000 will be the federal share of the rebuilding of the Mackenzie highway, making a total for all roads of $8,395,600.

In the Yukon last year, and planned for this year, bridges are being built on the highway between Whitehorse and Dawson city to give that area all year round transportation. The government has also carried on the plan of the former administration to improve the road from Johnsons Crossing to Ross river.

In addition to these are improvements on other minor access roads such as was done in the Northwest Territories in the Wood Buffalo park. Also included in this year's estimates is an amount to start construction of the only new road, and I am calling it a new road although it was included in the brief submitted to the Gordon economic commission by the former administration; but it is a new road in so far as this government will start its construction this year. This proposed road from Flat Creek in the Yukon, according to the answers received from the minister a year ago, in its first stages would run to Fort McPherson in the Northwest Territories, and from there eventually to the Arctic by way of Inuvik and the reindeer station.

Mr. Fisher: Mr. Chairman, on a point of order, I would like an assurance from the hon. member that he is not reading his speech.

Mr. Hardie: Mr. Chairman, I am reading from very extensive notes, as did the minister, and I do not want to get off on a tangent and be called visionary. I want to be constructive today and to put up what I think is a good proposal to the minister.

During the past year since the preliminary surveys have been carried on we find the minister hedging and suggesting that the road may never get into the Fort McPherson area, at least according to the evidence he gave to the standing committee which dealt with these estimates a few weeks ago. According to the minister this road will do a great deal to open up the Peel plateau and Eagle plain areas for oil exploration and development purposes.

I would like to point out to the committee that exploration has been going on in this area since 1952 or thereabouts, and the companies operating in the area have previously built their own winter road over which

they have carried the bulk of their exploration equipment by tractor train. I am quite confident that any freight required by the oil companies in this area can in the future, as in the past, be taken over a winter road and any moneys spent should be spent to improve the present winter road so that trucks can do the transporting rather than tractor trains, and to build other winter roads that may be necessary. Some of these could originate from points along the Mackenzie river into areas that are considered potential oil producing areas.

To support this point of view I should like to quote from a speech given by Mr. Franc R. Jobouin, global consultant engineer with the Rio Tinto Company, and president of Bralorne Mines Limited to the northern development conference held in Edmonton last fall. Here is what Mr. Jobouin says in this regard:

> All access and communication facilities should be improved. This calls as much for planning and co-ordination as it does for the spending of dollars. For example, why is our north, and particularly the geologically favourable areas, not laced with a network of "winter roads"? To the uninformed this simply means a 20-foot wide route, cut through the bush. Untrained labourers with axes and saws can do the job under supervision. No other improvement of the route is required, yet for the several winter months of each year that route can become an excellent highway over which tractor sled trains can haul freight as effectively as a railroad.

Of course a winter road such as Mr. Jobouin suggests would not be suitable for truck transport, but for very little money improvements could be made on such a road to allow for this type of transportation. If the area is finally found to be oil producing, and when the companies are in a position to market their oil, further improvements could be made to assist them in getting their development equipment into the area. Surely the minister does not suggest that when this time arrives the oil will be carried over this road in tank trucks rather than the modern method of pipe lines.

The total amount to be spent this coming year on roads and bridges in the Yukon will amount to $4,129,300. In addition to this there is the amount of $1,500,000 as the federal government's portion of the cost of the road from Stewart, British Columbia, to Cassiar. So, in both the Northwest Territories and the Yukon, including the federal share of the roads to resources program, a total of approximately $14 million will be spent. The greater portion of this amount will be spent to service and provide year round transportation to people in the already settled areas and in areas that are already producing and contributing to the national wealth of Canada; roads, I repeat, that with the exception of the Flat Creek to Peel plateau road, were started by the former administration.

I now return for a moment to the promises made during the 1958 election campaign. Thousands of miles of roads were promised for both the Yukon and Northwest Territories. According to the minister a large part of this program would be completed in five years. Two years will have passed and nothing particularly new will have happened.

The estimate for the Flat Creek to Peel plateau road is approximately $40,000 per mile, and some stretches of the road between Yellowknife and Hay River will run as high as $62,000 per mile. On the basis of this information I have estimated the cost of roads promised by this government at $200 million which is considerably in excess of what the minister stated. I simply give this information for the benefit of the committee. I suggest that this is a fair chunk of money and an amount that cannot be spent properly by this government without some advance planning as to where the roads should go.

The Canadian taxpayer including the taxpayer in northern Canada has the right to expect from this government that when roads are being built they will be built in areas that will assist industry to go into production for the benefit of the whole of the Canadian economy. Over a year ago I pointed out to the minister that before he went ahead spending the taxpayer's dollar on building roads, except in the already settled and producing areas, he should first find out by magnetic, electromagnetic and other scientific surveys the location of potential mineral wealth. This information should be published as soon as possible. Information of this kind should be made available to people who are interested in prospecting or in investing money in this field of resource development. This information should be given to people who, I am sure, if it can be pointed out to them that possibilities of oil and mineral deposits exist in a particular area will move into that area and do the necessary ground surveying, prospecting and drilling to determine whether or not the ore body is of commercial value.

Since I mentioned this a year ago the government have had representations from different organizations asking for an increase and an acceleration of the work done by the geological surveys branch of the Department of Mines and Technical Surveys. One of these representations was from the Royal Society of Canada and the Geological Association of Canada in the form of a brief submitted to cabinet urging an acceleration in this type of work. I might also quote again from the

speech of Mr. Jobouin to the northern development conference in Edmonton last year in which he stated:

> The excellent northern mapping work of the surveys branch and geological survey of Canada should be further accelerated, despite the marked improvement in recent years. Their results provide the very foundation on which all other development hinges.
>
> I feel that airborne magnetic, electromagnetic, radiometric, and possibly the new airborne gravimetric surveying, on a reconnaissance scale, is a quite proper field for the federal and provincial governments to enter.

And again, just recently the report of the committee dealing with the estimates of the Department of Mines and Technical Surveys recommended to the government an acceleration in this field. An immediate start on this type of survey could begin with areas adjacent to Mayo and Keno in the Yukon, and in the area between Yellowknife and the east arm of Great Slave lake and the area northeast of Fort Smith in the Northwest Territories. I will not attempt to point out all the areas where this type of work should be carried on but in general the whole of the Northwest Territories and Yukon should be covered and the work done should be in areas of volcanic and sedimentary structure, ignoring the granite or so-called tombstone areas that have little or no possibilities. The results of such surveys would make it possible for the government or for anyone else, for that matter, to then outline a practical plan for development.

The second step, as I suggested a year ago, is to provide flight strips in the areas where prospectors or companies who wish to invest capital for exploration indicate they wish to explore. These people will then do the ground surveys and the necessary drilling that will indicate the size and value of the ore bodies.

The third step is to provide an incentive for the development companies to open up and bring the mines into production.

These incentives, I suggest, should be by way of increased income tax exemptions during the early years of the mines development. In this regard I wish to quote from a report in the Edmonton *Journal* reporting on a speech made by Mr. J. M. Botsford, general manager of Gunnar Mines Limited, to the northern development conference, and I quote:

> Revised federal and provincial taxation rates, graduated according to latitude, would provide one of the greatest incentives for private enterprise to enter into this national project of developing the north and establishing northern communities," Mr. Botsford declared.

In addition to what Mr. Botsford said the Canadian Institute of Mining and Metallurgy, and others, have submitted proposals to the government to extend the present three-year tax free period in the case of new mines to five years for those mines operating above the 60th parallel.

I would also suggest to encourage prospecting of potential areas that prospectors be given some assistance to cover their transportation costs. An amount of $100,000 per year set aside in the estimates for this kind of assistance would encourage a great deal more prospecting and would be of great assistance to those people who have pioneered every major mineral discovery up to the present time.

Another point I might mention here that would be of assistance would be a relaxation in the regulations of the Department of Transport to speed up procedures for licensing of radio transmission stations for all mining exploration and development jobs.

In areas where there is potential the government should set out to survey the power potential, and the requirements for new mines. Also—and this matter I brought to the attention of the department some years ago—there should be an immediate review of the mining regulations in the Northwest Territories.

It seems that the practice has been that when a difficulty arises between an individual or company and the government in regard to the regulations the government passes an order in council to cover the particular situation without passing along the same advantages to everyone in the north by amending the regulations. These suggestions if implemented, will encourage capital to come into the Northwest Territories and the Yukon, will give the government a start on its inventory of resources, and will encourage the general development of the Northwest Territories and Yukon for the ultimate good of the whole of the Canadian nation.

The people presently living in the Northwest Territories, the pioneers of that vast country, also require some encouragement, and this I suggest can be done in a number of ways. For instance, along the Mackenzie and Liard rivers and in some of the communities around Great Slave lake, a large portion of the people are still attempting to derive their living from the fur industry. I do not think that members of this committee have to be told that these people cannot live on prices they receive for fur today. I would therefore suggest, as I have done on numerous other occasions, that the government make a serious study of what can be done about putting a floor price on fur, and in particular on muskrats, beaver and white fox. I see no reason why something along this line should not be done, in view

of the fact that so many products today are similarly covered under the Agricultural Prices Support Act.

I submit it is only fair that the natives and trappers of the north should be given the same treatment. I do not know whether members of the committee realize the difficulties the people in those communities have in their day to day living. For instance, in the large majority of communities, the women, in order to do their washing and cooking, and so forth, are required to carry their water from the river up steep banks for great distances. To members of the committee this may seem to be a very minor detail, but it would certainly assist the large number of people in the country if pumping stations could be erected so that water could be pumped from the source of supply, the rivers or lakes, to the centres of those communities.

In many communities the people are isolated from the rest of the world at break-up and at freeze-up periods during the year. Transportation between those settlements is by float-equipped aircraft or by boat and canoe during the summer and by ski-equipped aircraft and dog team during the winter. During those periods of freeze-up and break-up, as in any community, emergencies can happen and many have happened over the years. For instance, what happens in a community at this time of the year when a person may have a ruptured appendix, a broken leg or some other sickness or accident and the closest doctor is possibly 200 or 300 miles away? The community may not have a nurse, but if there was one available what could she do in a serious case? I suggest that to remedy this sort of situation suitable air strips for the landing of aircraft such as the Cessna 180, the Beaver or Otter type be built at communities such as Fort McPherson, Fort Good Hope, Fort Norman, Fort Franklin, South Nahanni, Fort Liard, Jean Marie river, Rocher river, Snowdrift and Coppermine. These strips, I submit, would not be costly. They would run somewhere in the neighbourhood of $30,000 to $60,000 each, depending on the availability of a suitable site; in other words, for the same amount as, if not much more—

The Deputy Chairman: I am sorry to advise the hon. member that his time has expired.

Mr. Hamilton (Qu'Appelle): I do not think so, because he is speaking for the official opposition.

The Deputy Chairman: We are in committee.

Mr. Pearson: He has to get permission to continue.

The Deputy Chairman: Does the committee give unanimous consent to the hon. member to continue?

Some hon. Members: Agreed.

Mr. Hardie: —in other words, for the same amount as, if not much more than, the cost of building a mile of road. More frequent air service should also be given to places such as Fort Liard, South Nahanni, Fort Franklin, Rocher river and Snowdrift. The government could also build small floating wharves in each of these communities to assist in making it easier and safer for pontoon-equipped aircraft to dock during rough weather in the summer months. The government could also provide gas caches in communities where these services are not provided by the oil and gas dealers.

In the more settled areas such as Fort Smith, Hay River and Yellowknife, something should be done to give the industry and the people located there telephone communication with the outside world, something similar to the microwave plan that would also provide television for the area.

The government should also give serious consideration to the recommendation of the committee on mines, forests and waters suggesting amendments to the National Housing Act which would provide people living in northern Canada with a greater opportunity to enjoy the benefits of this act than is now the case.

While work on the suggestions I have outlined for surveys and other improvements is going on, the government could go forward with a roads program which would serve the present settled and producing areas of the north. In this regard I suggest that in the Northwest Territories the rebuilding of the Mackenzie highway should include hard surfacing the road from Grimshaw to Yellowknife. The proposed road connecting the Mackenzie highway with Fort Smith in the Northwest Territories should be proceeded with immediately, and any agreement with the provincial government of Alberta on this road should also include a program of hard surfacing. This road will serve not only the mixed farming area around Fort Vermilion, Alberta, but will also open up new forest areas and help considerably the sawmills and forest products industry operating in the Wood Buffalo park.

Construction should be undertaken of a winter road from the Mackenzie highway to the Fort Simpson area where a number of oil companies are operating at the present time and have been for the past five years engaged in extensive exploration programs. In other words, do for them what is being

done for the companies operating in the Peel plateau and Eagle plain areas. Do something about the crossing of the Mackenzie highway at Hay River. Continue the road program as needed in the Wood Buffalo park and in the other communities in the territories. Bridge the Mackenzie river to make the road into Yellowknife an all year round proposition.

In the Yukon I suggest first that we should rebuild and hard-surface the road from Whitehorse to Keno; continue the program of co-operation with the province of British Columbia on the Stewart-Cassiar road; continue the present improvement to secondary roads such as the one from Johnsons Crossing to Ross river; make the road from Flat creek to Peel plateau and Eagle plain a winter road suitable for trucks, which would cut to present costs of $40,000 per mile to something around $20,000 per mile, and at the same time provide an adequate road for the people there who want to use it.

I might add that hard surfacing of the roads into Yellowknife, Fort Smith and Keno will give not only a better service to those areas but will result, I am sure, in reductions in truck freight rates, and a very considerable increase in the tourist industry. The high cost of living for people in these areas, and the high production costs of the various industries, will necessarily be reduced.

Mr. Chairman, after outlining the things that should be done, it would be natural to expect that members of this committee would ask, how is this proposal to be financed and that information I intend to give the committee now. The program I have outlined could be based on a six-year period. The program could be started next year and completed before March 31, 1966. First of all, I will give the estimated costs for the roads program in the Northwest Territories and the Yukon. The amounts estimated for the Northwest Territories are as follows. I wonder whether it would be possible for this statement to be put in *Hansard* in tabular form so that it would be easier for persons to read? I have a table here which I could place in *Hansard* if the committee will permit it.

The Deputy Chairman: Has the hon. member the consent of the committee to place this in *Hansard*?

Some hon. Members: Agreed.

Mr. Lambert: What is the source?

Mr. Hardie: The member for Mackenzie River.

[Mr. Hardie.]

The table is as follows:

Estimated costs to cover proposals—major road program in Northwest Territories.

1. Rebuilding sections of and hardsurfacing Mackenzie highway through to Yellowknife, including federal government's share of portion in Alberta, $20,000,000.

2. Federal contribution to construction and hardsurfacing of road from Mackenzie highway to Fort Smith, $7,000,000.

That is half of the total cost. The provincial government would pay the other half.

3. Winter road to Fort Simpson area, $3,000,000.

4. Bridge over the Mackenzie river, $6,000,000.

Yukon.

1. Rebuild sections and hardsurface road from Whitehorse to Keno, $21,000,000.

2. Winter road from Flat Creek to Peel plateau, $5,000,000.

3. Federal share of Stewart to Cassiar road, $6,000,000.

That is a total for major roads in both territories of $68 million. Then I come to the other projects I have suggested.

1. Estimated cost of other community and park roads, $2,600,000.

2. Wharves and pumps, $100,000.

3. Air strips, $500,000.

4. Bridge or spillway over Hay river, $300,000.

5. Aid to prospectors for transportation, $600,000.

6. Floor price on fur, $900,000.

7. Microwave and telephone communication, $5,000,000.

8. Department of Mines and Technical Surveys for geological mapping, magnatometer tests, etc. $6,000,000.

Total over-all costs, $84,000,000.

That is the cash part of my proposal. That is what it would cost the national treasury in six years. The other proposals, such as amendments to the National Housing Act, mining regulations and radio regulations, cost nothing. Nothing is taken from the national treasury by extending the present three-year tax free period for new mines to five years. If the mines are not opened, the treasury gets nothing. The gas caches as proposed would be handled on the same basis as an oil dealer would handle them, costing nothing to the national treasury.

To sum up, over a period of six years a total of $84 million would be spent, or $14 million per year. This amount of $14 million is equal, if members of the committee will recall, to the total to be spent on roads in the Northwest Territories and the Yukon this year. The figure I have given of $14 million a year will not increase the estimates for this branch one nickel to carry out the suggestions I have made, and with no increase in the annual expenditures of the department we can help the people living in the country at the present time to enjoy some of the amenities enjoyed by people in the rest of Canada which I am sure they justly deserve. Complete a six-year program of surveying and mapping and that should give the department some idea of where future roads should

go. I propose that $6 million be spent on this over and above what the Department of Mines and Technical Surveys is now spending.

This program, as I said before, will accelerate the inventory of our resources. It will encourage investment capital to come into the area. It will help prospectors and bring the roads that are built in this period up to a standard that will encourage freight rate reductions and further encourage investment in the area. It will help to give a real boost to the tourist industry, which I know is close to the minister's heart.

And do not forget this. It will leave the government with $116 million of the $200 million it would have required to fulfil its election promises for the rebuilding of roads and air strips as they are needed. I ask members of the house if this is not a sound policy. Would not the government be better off to announce a policy such as this and admit the mistakes they made in their promises of 1958 rather than try to cover up these phony visions by putting up smokescreens such as the minister has in the past few months by his attempts to take the eyes of the Canadian people away from that great area of our northern mainland, that area where the vision was born, lying between the northern boundaries of the four western provinces and the Arctic?

Why, I ask, put up smokescreens to direct the attention of the people of Canada to the Arctic islands and to a so-called oil boom which, in fact, is just a real estate play where a large number of the individuals and companies have been given millions of acres in the Arctic islands without putting up a plugged nickel? Nor have any large number of these individuals and companies shown the government that they have the financial wherewithal to do any amount of exploration work as required by the regulations. Why the excitement in this area when we cannot get rid of the oil we are producing in Alberta at the present time?

The minister's stories of submarines carrying oil and iron ore that we have not explored as yet under the polar ice cap are visions that may be accomplished some time in the distant future. If he wants to get excited about something let him get excited about doing something now. Do something in the immediate future rather than getting steamed up over what may happen 40 or 50 years from now. While I am on the subject of visions and the Arctic islands, I should like to make a suggestion to the minister. He should not let these visions run away with him or he may find that his next vision will put him right in the middle of Siberia. I would not want to wish him anything like that but if he goes any farther north with the vision that is where he will be. The $50 million skyscraper city at Frobisher bay, where the minister says the people will be employed refuelling aircraft and the Eskimos will be busy selling their carvings to European and American tourists while the planes are being refuelled, comes far short of being a practical idea. That is particularly so when we consider that long-range jet aircraft are now being flown non-stop from London to New York and in a very short space of time we can expect they will be flying non-stop from London and Amsterdam to Edmonton and Winnipeg. I submit that by the time this townsite is built this could happen and the $50 million spent might just as well have been thrown into the middle of Great Slave lake. I am confident that the $50 million could be spent on other practical northern projects or to help the economy of the Atlantic provinces or other parts of Canada.

The government continues to deal with the roads program by now focusing attention on the Arctic islands and deals with the promise made not only in the election but also in the speech from the throne a year ago concerning the building of the railroad to Pine Point by setting up a commission. If the minister really wants to settle this problem of a railroad to the satisfaction of everyone concerned I would suggest to him that the government start immediately to build the railway from Grimshaw to Fort Vermilion and then to Fort Smith, which would tap the agricultural lands between Grimshaw and Vermilion and open up a large area for lumber and forest products. Then, if and when the Consolidated Mining and Smelting Company want to open up their mine at Pine Point, extend the railway to Pine Point either from Fort Smith or from Fort Vermilion. The railway would serve the immediate needs of the agricultural and forest industries and would cost approximately the same amount as a railway from Waterways or Grimshaw to Pine Point.

The cost of the additional rail, if and when the Consolidated Mining and Smelting Company want to open their mine, would be between $12 million and $16 million, based on the figures given by the minister at various times on the cost per mile of rail in that part of the country. It is reasonable to believe that if we delay the building of this railroad the cost will be a great deal higher than the estimated cost today. My point, therefore, Mr. Chairman, is that if the railroad were started immediately, rather than 10, 15 or 20 years from now, the extra mileage costs suggested in the route I have now proposed would be saved.

Now, Mr. Chairman, I have taken considerable time of this committee in putting forward a development plan which I think is practical. I hope the minister will give serious consideration to these suggestions. I do not intend to take any more time at this stage, but will make further comments when we proceed to discussion of the various items before the committee.

Mr. Fisher: Mr. Chairman, we have a phrase to the effect that without vision the people perish. Now, we have a double vision and I am sure it is going to be a "Hardie" one and that both aspects of the duplicity are going to be around for a long time. I must compliment the hon. member upon preparing such a serious and weighty speech. I have been wondering where he has been lately, since he has been missing from our meetings of the mines, forests and waters committee. Now I know he was getting ready for this great effort. I must say that the tone of the address was most surprising and very pleasing.

The hon. member concentrated on northern administration. I must confess that when the report of our committee came into the house I was bitterly disappointed at the way it was picked up and carried across the country. I believe most of the people in the committee, certainly most of the people from British Columbia and Ontario anyway, thought that by far the most important recommendation of that committee had to do with forestry and the forestry branch, and that there was a disproportionate amount of attention given to the other aspects of the committee report. I certainly hope that the minister, at least, will recognize that this was the order of importance in the minds of the committee, and will take his closest and hardest look at those recommendations dealing with forestry and not with northern administration.

I did not have any opportunity to take part in preparing that section of the report, but I would not deny that as a member of the committee I went along with the rest of them in unanimously adopting the report.

Mr. Hardie: No.

Mr. Fisher: The hon. member did not vote for the report, and that is fine, but I would have gone along with it, I believe. I am much perturbed about the effect one particular section of this report may have. I think it may leave members of parliament open to criticism for perhaps shooting before they can see their target. I have reference to the fact that a subcommittee was supposed to make a visit into the north in order to see the installations, since we had no outside witnesses, that is outside the government administration on this particular phase, in contrast to the large number of witnesses we had on other aspects of departmental activities. I think we would have been in a much more solid position if we had actually seen the area.

Now, this question of a subcommittee of the House of Commons going to visit regions that are important to a department is something to which we have to give immediate, serious consideration. It is all very well for us to sit down in a smoky room and examine or cross-examine people from the department. However, I believe unless we can get out onto the ground and see many of the problems, the institutions, the type of construction that is being done, the type of people who are involved in it, we are really not in a prime position to make any lucid or intelligent comments or recommendations. I hope, for that reason, the minister will give urgent consideration to seeing that a subcommittee of this committee is given the power, under the Inquiries Act, to visit the area this fall before the weather closes in, and have a look at those installations which the committee did, to a degree, criticize, and have a look at this administration that, to a degree, the committee has criticized.

I could welcome some kind of investigation or committee excursion to the various forest experiment places, and visits to competitive areas such as the lake states and the southern states. However, in that particular field at least some of the members of the committee have had experience and they do have intimate knowledge of the problems of the pulp and paper industry and the lumbering industry. In so far as the north is concerned, with the exception of the two hon. members of parliament who come from there we are—I was going to say an ignorant lot—an uninformed group relatively at the present time. I believe this is one of the best things the minister could do or that the government could do, and one of the best things I think that could happen for northern administration, would be to have a small subcommittee given the opportunity to go as soon as possible to these places and have an opportunity of examining witnesses, looking into things closely. I certainly hope the minister will express himself in this particular regard.

In so far as the vision is concerned, I think the vision helped to win an election. I do not know, but I believe it is going to lose the next election that is coming up in a few years. It has always been my feeling that this vision was oversold. I can give you an example of the reaction of the part of the country I represent, and the reason I say I think it was oversold. I am reading from an editorial in our local newspaper at Port Arthur, the

News-Chronicle, which includes a quotation from a gentleman who is the manager of the northwestern Ontario development association, and who has been called the William Jennings Bryan of the north. When you hear this quotation, I think you will see why. He says:

> Parliament, awake! Open up central Canada with a railway and highway to connect your new fresh water seacoast of lake Superior and the salty bays of Hudson and James, tapping natural wealth for nearly 1,000 miles between them.
>
> Build access roads into areas of favourable geological formations, conifer forests and power sites.
>
> Extend the network of roadlinks to lakes, rivers and granite hills of spectacular scenic value to attract an ever increasing flow of vacationing travellers from south of the border into our unique hinterland.
>
> Encourage and assist a new wave of settlement and venture capital to populate and develop the glittering potential of the region.
>
> Under such a dynamic policy, this central section of the nation—populated and productive—will stand a generation hence a magnificent monument to the far-reaching vision of its chosen leaders and a reservoir of economic strength and security in the hazardous era stretching into the foreseeable future of the world.

This gentleman is talking about that vast region lying north of lake Superior, running 600 to 800 miles north to Hudson bay, and the fact it is not developed yet, is largely untapped. It has one advantage over the area about which the minister's department is excited and interested, it has fairly substantial coniferous forests. When you examine the reasons why our government should take an interest in the north, I think primarily one comes down to the question of defence and national sovereignty as interrelated things, and the sheer fact we are in competition with the Russians. I do not believe that the competition and defence end should blind us to the fact that our Arctic is different from the Russians' Arctic.

The next thing in which we need to be interested, I think, is looking after our native people. The third thing in which we are interested in so far as the north is concerned is the possibility of some economic return from the region. The only economic return one can see from the north is in the mineral resources. The great problem there, and the minister in effect admitted it before the committee hearings, is the cost factor.

In the north costs are very high, especially in connection with any kind of mineral and in the oil and gas field. In fact, the oil and gas field in the Arctic, as the hon. member for Mackenzie River pointed out, is highly speculative. It really does not apply in great substance. When you consider that we have in the southern part of Canada forest resources that are still unused and all sorts of mineral deposits that are unused to get overly excited and to project a vision, as this particular government did in order to win an election or associated with winning an election, you are carrying out in effect a bit of tomfoolery.

Look after the native people as well, make sure that our defence and our sovereignty are established. But to give the impression that the thing for the young men of Canada to do today is to go north and that going north means away north, I think you are doing a disservice to the country. The majority of people who I have encountered who have come back from the north say that with the exception of the odd mounted policeman and the odd Hudson Bay man these people who live up there look upon themselves as temporary visitors. I think the turnover in the various northern departments that have anything to do with the north indicate that this is so.

I know the minister, with his vision to the future and to planning, may insist that I am being pessimistic and destructive. That is fair enough. But I just feel that in this whole area the minister and his department may have become completely out of focus as to what should be a more prime responsibility. I think of that prime responsibility as being reflected in this report of the mines, forests and waters committee. I refer to the report on forestry. I certainly hope that there will not become a disbalance in his department of northern affairs through forgetting that there are immense responsibilities open to the forestry side. I think one of the steps the minister should take as soon as possible is to appoint an associate deputy minister for the forestry operations.

The forestry recommendations were supported by a fair volume of evidence. I just wanted to deal with one of the points or one of the recommendations suggesting that we need a forest taxation study. That is something I believe we have needed for a long time. With all due respect to the very resourceful and capable industrial people who appeared before the committee, my sympathies with them in their position or in their appeals for tax relief are not going to be consolidated until we have such a study because I do not know whether we can really believe them. I do not mean that they are lying but I think that they may be taking a sort of over gloomy position in the face of a competition to which they are not accustomed. I would not make this as a charge but I think this may be possible and it points up all the more reason why we should have this taxation study and in my opinion have it in a hurry. I certainly hope that the minister will see that it goes beyond something

which is in his department and that is it is a responsibility of the Minister of Finance.

One of the aspects of the department upon which I should like to touch is a rather delicate one. It is a question of the national museum and the fact that an appointee of the previous administration or a man who was appointed by the previous administration has left at the minister's request. I think it is fair to say that that man, whatever his actions in the department, whatever may have been his competence and his duties, is now as a result of the minister's action under a great cloud in so far as his ability and his whole attitude toward work and administration are concerned. In other words I am suggesting to the minister he has in effect ruined the career of a man who ostensibly or apparently had achieved something in the scientific field. When one reads all the correspondence and all the answers to questions that have been given by the department in relation to this whole problem and they would fill pages of the order paper, and when one reads the statement of Mr. Rousseau involved in this matter it quickly becomes apparent that there are a number of sides to this question. I would not want to come in here and lay down the line and say that Dr. Rousseau has been completely vicitimized by anyone. However, the thing that bothers me —and I will say it to the minister—is that there seems to be something very tawdry in the whole set-up of the way this man was appointed.

I do not like the background and the information that is revealed with regard to the part played by one of the former officials, namely Mr. Lamontagne. I do not like the part that seems to have been played by Mr. Lesage, the former minister in getting this man into the department, getting him a job and leading him to believe that he had certain responsibilities and a certain future. Then we get this quick about-face; a remarkable about-face for a civil servant. I think the minister will agree that within a remarkably short period of time here was a man who was wooed into a job and then he was in trouble very quickly and within a relatively short time he got the boot.

It is a confused situation and I am certainly not ever going to be in a position to get to the roots of it, nor do I think are any other hon. members. I should just like to suggest to the minister that if his actions in this particular affair were based on complete justice or an attitude or wish to have complete justice for this particular man, the events could have gone along in a different path. As the situation is now, I understand the gentleman is going to have great difficulty in getting any kind of employment. To my way of thinking, if he is to be condemned, the departmental administration before the present minister's time is to be condemned. I almost have the hunch that somehow the minister in order to protect some of his civil servants, has been masking over what I think are mistakes made by the previous minister and the previous administration in this particular field.

I do not know where one can go along this particular line but I certainly think that the recommendations of the committee, in so far as the national museum is concerned should be taken up. I think it is a very sad situation when, whatever the capacities a man may have had, he is encouraged or asked to resign and it appears that one of the main factors in the resignation is that we have in the department some foreign nationals who disagreed with him. This may not be the whole story. Those foreign nationals may not have much responsibility for the matter. But the fact remains that they are foreign nationals or a couple of them were. To me this is a sad situation. That is one of the reasons why I should like to see the minister do something about the recommendation so that we can get to the stage where we have Canadian anthropologists and experts whom we can have running our museum instead of having this dependence on Americans.

The only reiteration I should like to make in my remarks, Mr. Chairman, is this. I should like the minister to consider seriously this question of a committee visit to the north. I should like him to express his opinion on the recommendations the committee made in connection with the northern mines administration. If the committee does not get an opportunity of visiting the north this session, I certainly hope he will do what he can to see that it gets that opportunity in the next session. In the next year I think we shall all be greatly interested in seeing what comes of what the minister has referred to as a frank report.

If the minister does follow up the recommendations, especially of the forests department, I think he will find an even more enthusiastic committee than he has had this year. I have been a member of five committees in this house and this committee has been the best of all of them in the sense of attendance and interest of the members, and their willingness to work on their own to bone up on things, I think has been exemplary. I would hope that the minister would give this kind of good, solid committee, with a chairman who to me has had a very open mind with a fair lack of the more serious kind of partisanship, a real boost for its

future by carrying out as many as possible of its recommendations in the coming months.

Mr. Aiken: Mr. Chairman, at this point I would like to take a few minutes of the committee's time to speak about the Canadian government travel bureau and tourist spending. I prefer to make my remarks at this stage rather than on the individual items because the remarks I will make are of general interest and refer to the responsibilities of the department generally concerning the tourist industry.

The minute we start talking about tourism, I realize that the Minister of Finance clutches at his purse strings and starts worrying about our request for loans to tourist operators. I am sorry that such an idea has got across to the Minister of Finance because there are many more problems in the tourist industry than tourist loans. That may be a means to an end, but I want to refer to the larger field. I think the tourist industry can bring this country out of the red financially if properly handled and can give us a big boost in our foreign dollar receipts. We can make the Minister of Finance happy, I believe, rather than sad if we carry out some of the ideas concerning tourism which have been put forward by the mines, forests and waters committee when they dealt with this particular subject. We can bring in firstly hundreds of millions of dollars, foreign money, which is new or found money, in addition to circulating more quickly Canadian funds by people travelling within Canada. So I want to talk about money matters in connection with the tourist industry rather than dealing in detail with what has been discussed before.

The tourist industry is the third largest producer of foreign dollars in Canada. At the top of the list is newsprint, and for 1957, which was the latest poll, the figure for a comparative basis for newsprint was $715 million, which was foreign money. The second was wheat, which brought in $380 million, and the third was travel, which produced $363 million. Below those three items came pulp, lumber, aluminum, iron ore, petroleum and uranium. Each of those latter mentioned articles bring in less foreign dollars than does the tourist industry. One source of concern is that our travel income declined in 1958 to $352 million, which is down $11 million, or approximately 3 per cent.

In this connection I would like to make some comparisons. I know that comparisons are odious in a lot of cases, but I think we must consider this matter in the light of financial return. I would like to compare for a moment the subject of wheat, which brings in approximately the same number of foreign dollars, a little more, than travel. I would like to ask the committee how many millions of dollars we lay out on wheat each year. For prairie farm assistance, $500,000; under the farmers' rehabilitation act, $5 million. Then there is the new crop insurance, farm loans, a large portion of the expenditures of the Department of Agriculture amounting to $106 million, and a large chunk of the expenditures of the Department of Trade and Commerce at $64 million. I am not going to total those figures up because the figure would rather astound us, but the return is about the same as for the tourist industry. And we spend for the tourist industry just a little more than $2 million to bring back an almost equivalent return as wheat.

I do not want to dwell on wheat because it is only one of a number, but I am appalled at the large number of non-productive spending items which we find in our estimates; money for which we have no return, money which is merely spread around, received from one source and put to another. The tourist industry is a producer of money. The government is not in business to make money. On the other hand, Mr. Chairman, I submit that we are not in business to lose money any faster than necessary, either.

I see that it is nearly five o'clock and I want to go on to another portion of my address at this point. However, I just want to remind the committee that tourist spending has declined and also tourist income has declined, and I think it is most essential that we bear the comparisons I have just made in mind when we consider estimates in the future. May I call it five o'clock.

Progress reported.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. S-28, to incorporate Standard Trust Company.—Mr. Thompson.

DESJARDINS MUTUAL LIFE ASSURANCE COMPANY

The house in committee on Bill No. S-29, to incorporate Desjardins Mutual Life Assurance Company—Mr. Dorion—Mr. Rea in the chair.

On clause 1—*Incorporation.*

Mr. Pickersgill: Mr. Chairman, I wonder if I could put a question to the sponsor of this bill and ask him if he could explain to the

committee what jurisdiction he thinks this parliament has in the field of insurance?

Mr. Dorion: Mr. Chairman, I am happy to answer the hon. gentleman's question. I know that this question of insurance has been discussed for a long time and there have been some judgments by the privy council the last of which I believe was in 1932 and was to the effect that it is within the jurisdiction of the provinces to occupy the field of insurance, but after that the federal law was changed. If you look at the statutes you can see that there is no obligation for an insurance company to be constituted in virtue of the federal law.

I do not know about the other provinces but in Alberta it is absolutely necessary for an insurance company to have a federal licence to carry on business in that province. That is the only purpose of this bill.

No doubt the hon. gentleman is familiar with that patriotic movement Caisse Populaire Desjardins which has many clients and customers in Alberta. They cannot operate with their provincial company because that province requires a federal licence. That is the only purpose of this bill. I do not believe we can deprive that important organization of the right to carry on business in Alberta or in the other provinces.

Mr. Pickersgill: Is the hon. member quite satisfied that parliament in enacting this measure—if indeed parliament does enact it as I suppose it will—is not in any way infringing upon provincial autonomy?

Mr. Dorion: I would not like to argue that point. If the hon. member refers to the last judgment of the privy council, which was the case of the Citizens' Insurance Company, I believe he will find that the wording leaves the question open. The sense of that judgment is only that the federal authorities cannot oblige any provincial insurance company to operate without a federal licence. I believe that is the general meaning of that judgment, but I would not like to assure the hon. member that the privy council by that judgment has completely shut the door to federal jurisdiction.

Mr. Pickersgill: But the hon. gentleman is satisfied, then, that we are not doing anything that is in any way an attack upon provincial autonomy?

Mr. Dorion: I am satisfied that from a practical point of view it is absolutely necessary to have a federal statute.

Mr. Peters: As this will be a federal corporation if the legislation passes, is the hon. member in a position to inform us whether the company will be willing to submit its annual reports to the federal authorities?

Mr. Dorion: Mr. Chairman, if the hon. member examines clause 12 he will see that the company is subject to the provisions of the British and Canadian Insurance Companies Acts and consequently will comply with the obligations imposed on the company under clause 12.

Clause agreed to.

Clauses 2 to 12, inclusive, agreed to.

(Translation):

Bill reported, read the third time and passed.

(Text):

CRIMINAL CODE

AMENDMENT TO ABOLISH IMPOSITION OF CORPORAL PUNISHMENT

The house resumed from Tuesday, April 7, consideration of the motion of Mr. McGee for the second reading of Bill No. C-19, to amend the Criminal Code (corporal punishment).

(Translation):

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I welcome this opportunity of making a few remarks about the act to amend the Criminal Code (corporal punishment).

First of all, Mr. Speaker, I should like to read into the record of the house one of the explanatory notes which reads as follows:

> The Joint Committee of the Senate and House of Commons on capital punishment, corporal punishment and lotteries, which reported in June and July 1956, recommended, *inter alia*, that corporal punishment be abolished for any of the offences for which it is presently described in the Criminal Code.

Mr. Speaker, we have to realize that this bill proposes to amend only sections 136, 138, 141, 142, 148, 218, 289, 292, 586 and 641 of the Criminal Code.

Mr. Speaker, I would like all the hon. members to understand that when we discuss a matter such as corporal punishment, the government must have the co-operation of everyone, in the circumstances.

(Text):

In discussing this legislation before the house this afternoon, Mr. Speaker, I should like to say first of all that very generally I tend to think of corporal punishment under three different headings. We see, first of all, where a person could be sentenced for various crimes under the Criminal Code and the sentence could include corporal punishment. This should be distinguished from the corporal punishment that can be administered under the Penitentiary Act, for example. Also, in a more general way, we can consider

that aspect of corporal punishment which can be administered, for example, to a young offender without actually sending him to prison.

The first thing that I should like to touch upon at the present time is something that has been notably impressed upon me. I have read the House of Commons and Senate committee report which was brought out in 1956, and many comparisons have been made by statistics with conditions in the United Kingdom. We all know that in 1948 the United Kingdom abolished corporal punishment, but I feel it is perhaps false for us to make statistical comparisons in the field of penology, notably with the United Kingdom experience in corporal punishment. I regret to say it, but the United Kingdom has been able to make many sweeping reforms such as this one with regard to corporal punishment which we have not been able to make. Again, I regret to say that after 22 years of Liberal rule we were away behind in the field of prison reform.

It was stated in this house not so long ago—

Mr. Winch: We have had two years of Conservative rule.

Mr. Grafftey: It was stated in this house by many members not so long ago that when the present Minister of Justice (Mr. Fulton) took over his portfolio he found, both as regards the physical plant of our prisons and as regards many specific reforms, that we were lagging far behind as a nation.

While I seem to be straying very far into the general field of criminology and penology, I feel that corporal punishment must be discussed with this general background knowledge. Many people have mentioned to me —and I am sure to many other hon. members of this House of Commons—that the discussion of capital punishment, corporal punishment and prison reform in general is a time-worn and time-beaten subject; but still, that does not mean that much has been done; that also does not mean that much more does not remain to be done before we as Canadians can be at all satisfied with the state of criminal reform in general.

In discussing such subjects as corporal and capital punishment, I think too many of us tend to be on extreme sides of the subject. A lot of people feel that the public looks upon corporal punishment as retribution. I have a little more faith in human nature than that. I do not think that any hon. member of this House of Commons, or any citizen of Canada wants to see a man whipped. I know I do not and I am absolutely sure that everybody in this House of Commons shares the same opinion.

For my part, Mr. Speaker, I believe in the collective theory of guilt. Whenever I see a man sentenced, no matter for what crime, I always feel that although man is a little lower than the angels but yet a little higher than the rest of the animal kingdom, we must realize that there is such a thing as individual responsibility in this day and age. At the same time, when I see a man sentenced to prison I do believe in the collective theory of guilt. While he is individually responsible I believe, ofttimes, general social and economic conditions brought about the state of affairs which have sent him along the road to crime. I know in my own case, in the little prison work that I have had the opportunity to do, I have often looked at some of the young men I have worked with and said to myself, "There but for the grace of God go I".

At the same time, I turn back to the point that I do not think we should over-emphasize the fact that the public at large, even though these things are given a lot of publicity and so forth, are at any time taking a retributive look at this problem.

In discussing corporal punishment at this time, I ask myself one basic question. Does corporal punishment act as a deterrent to other individuals in society? Does it help to cure the prisoner himself? In other words, does it help to abolish recidivism? In the light of these questions which I ask myself and in the light of the House of Commons and the Senate committee report which was brought down in 1956, I do feel that I should like very sincerely to support the legislation which has been brought before us today.

I should point out that in 1931 corporal punishment was meted out in only 12.1 per cent of the cases in which it might have been used under the Criminal Code. In 1954 it was used in only .6 per cent of the cases. If those in authority feel that this legislation should not be passed at the present time, I would like to emphasize right here and now that corporal punishment should be used only after a thorough background investigation of the man charged has been undertaken. I should like to point out, as the committee said, that if it is to be used at all, either under or outside of the terms of the Criminal Code, it should be applied early in the sentence. At the same time I think it should be made quite clear to the public that it is used only on very rare occasions under the present set-up. I think a lot of us have known of the picture of a man being struck down by a cat-o-nine-tails until he is knocked unconscious, and all that sort of thing.

Such is not the case. Today a medical examination is involved. The punishment is

administered with a proper strap or certainly should be and it is done in the presence of a doctor.

Realizing that at the present time we are only discussing corporal punishment as it relates to the Criminal Code, I am very happy to support the legislation now before us. At the same time I should like to say that under the Penitentiary Act and similar legislation for provincial prisons there is undoubtedly a good argument for retaining corporal punishment for misbehaviour in the case of those confined to a prison, but it should be realized that is not what we are discussing this afternoon.

After many chats with various individuals, and I know that my remarks are not entirely in agreement with the report of the Senate and House of Commons committee in 1956, I think there is a good argument to be put forward today, because even since 1956 we have seen a tremendous increase in juvenile delinquency from one end of the country to the other. I am not too sure, for example, that it would not be helpful if magistrates were to hand out as a punishment a good birching in the case of many young people who do not seem to want to conform to normal social behavior. But at the same time, going back to the specific terms of the legislation before us, realizing that in later years much progress has been made in psychiatric development, realizing that the public also realizes that while a man is individually responsible we are not proving anything unless we cure him while he is in prison, I believe, having that point of view before me, that this legislation should be supported.

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I also am glad to add my voice to those who support this legislation. I fully realize that it was originally introduced in the house by a neighbour of mine, the hon. member for Vancouver East (Mr. Winch), and I should like to quote from *Hansard* for June 6, 1958, page 935, when he made his opening statement on the bill. At that time he called attention to the fact that article 5 of the universal declaration of human rights adopted by the United Nations and supported by Canada reads as follows:

> No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

The hon. member went on to say:

> In view of this provision in the universal declaration of human rights of the United Nations which has been accepted by Canada it is difficult to understand how Canadians could give formal approval to that provision and yet retain corporal punishment under our criminal law.

He pointed out that in the western world the only countries he knew of which retained corporal punishment as part of their criminal law were South Africa and Canada. For further information I went, as other members have done, to the proceeding of the joint committee of the Senate and the House of Commons which sat during 1954 and 1955. The total amount of evidence is over 1,600 pages, and although the evidence deals not only with corporal punishment but also with capital punishment and lotteries, by far the greater amount of the evidence had to do with capital and corporal punishment. I should like to read a few excerpts from some of the evidence given to the committee. I was interested in the submission of the United Church of Canada presented by the Rev. J. R. Mutchmor, secretary of the board of evangelism and social service. It is found on page 531 of the evidence taken in 1954. He said:

> We believe it is both the right and duty of the United Church of Canada as a branch of the Christian church to co-operate with the state in a common effort to determine the best methods to deal with crime including those redemptive processes essential to the restoration of the criminal. We believe also in stressing the need for and value of preventive work and the importance of all character building methods and programs as the best way to reduce crime. We believe, in short, that only the good way of life can effectively overcome the evil ways. We would accentuate not the prohibitive and penalizing methods, some of which are necessary, but the positive and character building ones.

As found on page 533 he went on to say:

> We regret that at the present level of progress in correctional work the use of corporal punishment as a last resort may be a necessity. We believe that the state should look forward to its abolition. If the state cannot see its way to do this at the present juncture in correctional work, it should continue its inquiries and research, making a project of the task of the gradual elimination of this form of punishment which is most degrading to human dignity, both for those who inflict it and those upon whom it is inflicted.

Warden Christie, warden of the Oakalla prison, British Columbia, who is an outstanding penologist and formerly a social worker, and who has made a tremendous contribution to penology in British Columbia, was a witness before the committee, and I believe that because of his background what he had to say should be of interest to the house. As found on page 573 he said with respect to corporal punishment:

> There are better and less dangerous means of control, but it would be a mistake to take corporal punishment as a means of control away from an institution if it had no other means of control at its disposal.

In this case he was talking of corporal punishment as a means of control of inmates in an institution and he agreed that this was necessary in certain instances, as the previous

speaker has also indicated. He did say, however, that institutions which have rooms provided for complete segregation or disassociation such as are used in a mental institution have no need of corporal punishment. He pointed out that corporal punishment in penitentiaries and other corrective institutions was diminishing. However, with regard to corporal punishment as a form of punishment inflicted under the Criminal Code he was very forthright in his condemnation. He said as found on page 570:

> I believe further that it will soon be impossible for a people who have our present scientific knowledge at their disposal to retain either corporal or capital punishment as methods of control. It will, however, in my estimation, take some time for our present knowledge to extend to the point where we realize how illogical, unnecessary and socially damaging it is to continue their use.

The point that Warden Christie made was that corporal punishment was ineffective, that it actually prevented the redemption of the criminal. It embittered him against society and made the corrective work of the institution that much harder to accomplish. I was interested also in a statement made by Mr. Kirkpatrick of the John Howard society of Ontario. This is found on page 596, where he pointed out that the severity of punishment as a deterrent is a fallacy. He went back into the history of Anglo-Saxon society to show that the very severe punishment given for relatively trivial offences had no result whatever in the reduction of crime. He said:

> It is commonly said that punishment has three principle purposes—retribution, deterrence and reformation. Of these it is generally conceded that retribution should no longer assume a place in modern penology. But any system of penology must maintain, as its fundamental basis, the protection of society.

He pointed out in regard to the published statistics, in the same way as the previous speaker pointed out, that judges are very loath to add whipping to imprisonment sentences. He was speaking of the period 1949-1950-1951, when the total number of convictions for robbery in Canada was between 700 and 900 and the number of whippings ordered by the courts amounted to something less than one per cent of those cases. He said that the common objective of all concerned in this whole process should be the protection of society by the rehabilitation of the offender. He went on to state that whippings did not help in this regard but actually hindered this rehabilitation work.

Finally, I should like to point out the evidence as given by Major General R. B. Gibson before this committee in 1955. The evidence will be found on page 292. Major General Gibson was commissioner of penitentiaries, and he had this to say:

> The infliction of corporal punishment is a most distasteful task for all who are responsible for it, both those who have the responsibility of deciding whether it should be authorized, and those who have the duty of carrying it out. Happily, in recent years its award by the courts and its use as a disciplinary measure in the penitentiaries has been decreasing.

Continuing his statement, he said:

> My own view, and I am expressing only my personal feelings in the matter, is that corporal punishment should not be awarded as part of the sentence of the court. The court has the opportunity of awarding a sentence of more or less imprisonment when a person has been convicted, and in my view the fear of imprisonment for a lengthy period is a sufficient deterrent for those who contemplate the commission of a crime without adding to it the fear of corporal punishment—I do not consider that an award of corporal punishment as part of the sentence is a really effective method of preventing the commission of criminal offences because when such an award is made as part of the sentence a considerable period of time must elapse before the penalty can be inflicted. There must be time for an appeal, and whether there is an appeal or not, the time allowed for such appeal must elapse before the punishment can be inflicted. There is therefore a considerable period before the penalty is carried out, and it cannot be directly related to the offence. Corporal punishment, to be effective as a deterrent, must follow closely after the commission of the offence for which it is inflicted.

Then, he goes on to state:

> If in addition to the sentence of imprisonment which involves loss of liberty and separation from his family and home ties, corporal punishment as part of his sentence has to be inflicted by the persons who are seeking to help him to readjust himself and his thinking to prepare for his release, it is evident that it will be difficult to convince him that these efforts are sincere.

It is a rather strange fact that corporal punishment is still left in our code in the face of the evidence contained in these two volumes which represents the evidence given to the joint committee of the Senate and the House of Commons. This idea of revenge is something that should be, and I believe is, foreign to most Canadians. Prison sentences are set up for punishment, and whipping is something extra that is added. As the hon. member for Brome-Missisquoi (Mr. Grafftey) has pointed out, in something less than 1 per cent of the cases where a judge could order a whipping, were such sentences given. This means that court officers themselves are unwilling to use the provision in the code. It is, therefore, a law which is not being applied because those who are empowered to apply it, in the great majority of instances, do not wish to apply it. They do have the right to either order a whipping or not order it.

I believe, Mr. Speaker, that this bill should receive general support from all quarters in this house. I suggest the Minister of Justice (Mr. Fulton) should take note of

the remarks that have been made in this debate and at as early a time as possible something should be done toward bringing our Criminal Code more in line with that of the nations with whom we feel we are on an equal plane.

Mr. F. J. Bigg (Athabasca): Mr. Speaker, this is not the first time I have spoken in this house on corporal punishment. I have seen no reason for changing my attitude to this inhuman treatment of a fellow human being. If we go back to the early days of history, there may have been some justification for the use of force in trying to deter crime or in punishing criminals once they were caught. However, in a civilized society this is clearly out of date. We have to make up our minds, I think once and for all, just where justice is going. I think there is no longer a need for revenge in our system of justice. Revenge is negative, and although an individual who has been wronged, whether personally or through his loved ones or through his property, has a natural jungle instinct for revenge, most civilized men and certainly civilized society has no such aim.

As lawmakers surely we want to be practical. Anything which has no positive results is a waste of time. If we have statutes which are outmoded it is our clear duty to get rid of them. If our statutes need remodelling, we are the only people who have the opportunity or, indeed, the duty to do it. Perhaps people might wonder why a law enforcement officer should take such a peculiar attitude because the general attitude of policemen, I think, is not imaginative.

Policemen are often thought to be the strong arm of the law and punitive but I do not think this is any longer the case. Certainly I can speak for the Royal Canadian Mounted Police in which body I served. Their general attitude is not one of punishment or revenge, but rather one of prevention. People will respect the mounted police and the other police forces only in so far as they are humane and fair. I suggest that the reputation of that force was made on their kindness and their humanity rather than on the well-known cliche that "they always get their man". About 80 per cent of a good policeman's work consists in the prevention of crime. This is done to a great extent by example and by a humane attitude to the public and especially juveniles.

I can quote one example from my own experience. The police of Ontario, the mounted police and the local police combined at the industrial school at Alfred, Ontario to set up a hobby club and a policemen's day and they went to that institution to show friendship to those boys. Within a year the authorities there asserted that juvenile delinquency, bad manners and bad attitudes to discipline in the school had improved 50 per cent. As soon as these boys began to respect the law enforcement officers their whole attitude to the breaking of the law changed. As I said before, the authorities of that school asserted that there was a 50 per cent improvement in those children in the short space of one year.

I can give another example. In the city of Hamilton some ten years ago a very forward-looking police officer started backyard baseball. This officer was hired at the rate of $7,000 a year by the city of Hamilton. In one year after he started this backyard baseball club the city of Hamilton saved $7,000 in broken glass alone or I should say in the non-breaking of glass alone.

I assert that this is a positive attitude to punishment. I think it can be carried right down through our Criminal Code. There is nothing to be gained by corporal punishment. It is revolting to him who administers it, it is debasing to him who receives it and, wherever it is used, it justifies to the criminal his attitude toward a society in which he feels he has no real part. Unless we can show this criminal—who is after all not greatly different from most of us—that he has a proper place in society; that he is welcome in society; nay, that he is loved by his fellow man, the job of rehabilitating him, once he has been in trouble, is hopeless.

Here is one simple way of showing that we have come out of the jungle, that we no longer look upon him as a wild animal or as an enemy but as a man who has not lived up to the high calling of a dignified human being. I cannot see any argument in favour of using these cruel, outmoded physical tortures in order to try to teach him something different. I should just like to close my few remarks by reminding you, Mr. Speaker, of that great piece in Shakespeare from "The Merchant of Venice" where Portia says:

> The quality of mercy is not strain'd,
> It droppeth as the gentle rain from heaven,
> Upon the place beneath. It is twice bless'd:
> It blesseth him that gives and him that takes.

If you just draw the parallel and put in the word "punishment" there I think you will see what I mean. Corporal punishment debases him that gives and it certainly debases him that takes.

Once again I should like to add what small weight I can to this argument for doing away with something which is unworthy of Canadians.

(Translation):

Mr. Laurier Regnier (St. Boniface): Mr. Speaker, I take pleasure in supporting the bill moved by the hon. member for

York-Scarborough (Mr. McGee). I must also commend him for the work he has put in for some time now, for the purpose of having corporal punishment abolished.

I also would like to commend the hon. member for Vancouver East (Mr. Winch) who has also worked hard and long to obtain abolition of corporal punishment. In a speech he made in this house last April he reported that he had visited penitentiaries and had put questions to prisoners who had been subjected to the lash. I should like to quote his own words so that hon. members may realize what cruelty is wrought upon those who are condemned to corporal punishment. The hon. member said—and I quote from page 2317 of the official record of this house for April 7, 1959:

> —the warden of the penitentiary has to carry out that order. . . . the inmate is taken into a small room. If it is the lash, there is a table sloping at a 30 degree angle up against the wall. At the end of that table embedded in the concrete are steel plates. The feet of the inmate are fastened by leather straps to the steel plates in the concrete so that he cannot move. He is then stretched along the inclined board, with arms extended, and his arms are strapped to the board so as to be completely immovable. He is stripped to the waist. . . . may I tell you that a leather belt is put around the kidneys because a blow on the kidneys can kill. Then the man who is strapped there, his feet on the floor, his arms extended, with protection so that he cannot be killed, with a leather belt over the kidneys, gets in Canada what is known as the lash.

The hon. member for Vancouver East personally visited, in the hospital, one of the men who had undergone this punishment, and reported that the victim's back was still sore from the lash seven days later.

To my mind, the practice of so barbarous a chastisement, in a civilized country, is a disgrace. The imposition of such punishment is also degrading for the person who has to carry it out. In my view, that type of punishment serves no purpose but that of revenge.

If we look up the various sections of the Criminal Code dealing with offences for which the lash is to be applied, we note, for instance, section 289 which deals with robbery. Now, as an hon. member said this afternoon, out of a total of 700 to 900 cases, the lash was applied in only 1 per cent of those cases. We are forced to the conclusion that the judges were too humane to condemn the others under that section.

Under certain sections of the Criminal Code, the penalty may call for both life imprisonment and the lash.

If the purpose of such a sentence was indeed to reform the guilty, he would not be condemned to the lash, for how can one expect to reform a criminal who is under a life sentence? That goes to prove, in my opinion, that it is primarily for purposes of revenge that the lash is made part of the sentence.

In my opinion, if the object sought is to reform a criminal, he should be condemned either to prison, or to the lash, but not to both. If it is considered proper to order the lash, the culprit should then be freed immediately after. If the lash was likely to reform a culprit, it could be applied; but it will be seen in several sections of the Criminal Code that the punishment provides up to 14 years of imprisonment, in addition to the lash.

I believe it is a disgrace too for those who have to apply the lash, because their humane feelings are aroused. If the man who carries out the sentence is very humane, he will not use much force; he will try to apply it as humanely as possible, and it is all to his credit. However, in doing so, he might not abide strictly by the requirements of the law. On the other hand, if the man wielding the lash is an inhuman wretch, he will use all his might and apply the lash with cruelty, which would certainly not be a civilized way of applying the punishment.

Especially because the lash can be administered with cruelty, I believe we should react against those methods, we who sit in this parliament and have the authority necessary to amend the sections of the Criminal Code. We should therefore neglect no opportunity to have the corporal punishment abolished.

Once again, I congratulate the mover of the bill and, having done so, I resume my seat, knowing that others are anxious to express their views on the matter.

(Text):

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, in the few minutes left at my disposal I would like to endorse what was previously said by the hon. member for Athabasca (Mr. Bigg). Certainly it is refreshing to hear him state in the house the principles by which the police act in dealing with offenders against the law. As has been said, many people have the feeling that when the mounted police went out to get their men, not only did they catch them and bring them to justice but they prosecuted them to the fullest extent. I think a good many people do have that feeling. It may never have been felt that was the case with the mounted police, but I know at times the public does have the feeling that the police generally are prosecutors rather than concerning themselves with simply bringing people to justice.

As has been said, the most important part of the rehabilitation of a person who has got himself into difficulty concerns his self-respect. I was privileged for five years to do some work in connection with the juvenile court, and during that time I think that was the main lesson I learned. In most cases I found that people who broke the law, people who went out to do malicious damage, were trying to draw attention to themselves for some wrong that they felt had been done to them. It is oversimplification to refer to the sort of person who throws a brick through a window for the sole purpose of being noticed and being brought to justice; but nevertheless such is the case. It is especially noticeable in juveniles, yet I feel that a lot of people who get into difficulty in adulthood are to a large extent just overgrown juveniles and have never got out of that state.

However, the question remains, Mr. Speaker, whether corporal punishment can be dispensed with in all cases. There are those who appear to be hopeless and there are those who are hopeless, and I think that no person who deals in social work or criminology will say everybody can be put back into society as a good member. There are those who time and again are brought before the courts, are sentenced, serve their time, get out and go right back to the same thing. In some cases it is weakness, and I think that in a case like that we should not inflict corporal punishment.

But what about the person who inflicts what we call a heinous crime or inflicts brutal punishment upon another and who does it not only once but several times? I think that we have to consider very seriously how far we may go in connection with a person like that. It has certainly been established that the purpose of punishment is not primarily revenge; it is rehabilitation.

Mr. Winch: May I ask the hon. member who established that principle? It is the first time I have ever heard that established as a principle.

Mr. Aiken: Perhaps I should have been more specific, Mr. Speaker, and stated that it is becoming more and more recognized that that is the case rather than having been stated as a principle. In years gone by, as far as I can learn from books I have read, the main purpose of punishment was revenge; but I think as we advance sociologically the revenge motive has diminished and has now become to a large extent a question of rehabilitation. What I am trying to say is that I do not believe that the question of severe punishment or revenge has entirely disappeared from the crime world of today.

May I call it six o'clock?

[Mr. Aiken.]

Mr. Speaker: It being six o'clock the house will resume consideration of the business interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

261. Departmental administration, $866,273.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Aiken: Mr. Chairman, when the committee rose at five o'clock I was pointing out the large returns that we received for money spent in tourist advertising and publicity. I want to put just one more figure on the record before coming to the matter that is of primary concern to me. For every dollar spent on advertising in the United States by this country, $130 in United States currency comes back to Canada in tourist revenue. I do not hesitate to say that for every future dollar that we spend in the same way, a similar return will come back to this country.

I am now through with figures and should like to indicate to the committee why I am so particularly interested and concerned about the tourist business this year. There are three specific reasons. First, even with a general increase in revenues across the board in 1958 in most departments, the income from tourist spending declined about 3 per cent of $11 million. The second reason is that many other countries of the world have concentrated on their tourist business and as a result have reaped great benefits in their garnering of United States dollars. Unfortunately this represents a loss for us in revenue from our traditional market, the United States. People who formerly travelled here are being invited by very high pressure advertising, publicity and travel offices in the United States to travel elsewhere than in Canada.

The third and most serious reason is that next year, 1960, has been declared "Visit U.S.A. 1960" year. This is an undertaking that has been in the course of preparation for several years. It has the personal backing of the President of the United States. It is a concentrated effort by the tourist industry and by the people of the United States to persuade their people first, to travel at home; that is in their own state; second, to bring people to the United States from other

countries as extensively as they can; and, third, to encourage inter-state travel within the United States. This can have a devastating effect on Canada's 1960 tourist industry if we do not immediately take steps to counteract it.

"Visit U.S.A. 1960" has an eight-point program. I do not want to give it any more publicity than it should have but I do wish to point out what we in Canada are going to have to meet next year. The reason I am doing so is that 1959 is our last chance to persuade the visitors to Canada this year to return next year. Already some of the large 1960 conventions arranged for major cities in Canada, particularly Montreal, have been cancelled. Certain people in the United States will consider it their patriotic duty to hold their conventions at home next year. That is only a start in early 1959, and other results will be forthcoming. For that reason I believe we must be very concerned about this United States undertaking. The greater part of our travel industry originates from the United States and we do not want to lose a large percentage of our market through United States people being persuaded to travel at home in 1960 and in the future.

I wish to set out six of the eight points of the United States program as being illustrative of what we will have to meet. They are contained in a newsletter published by the Curtis Publishing Company of Washington, D.C., publishers of *Holiday* magazine. The letter is dated July 2, 1959. The following will give us an idea of the lines along which their program is being conducted:

1. Urge each state and territory to encourage travel within its borders both by visitors from abroad and from other parts of the United States.

2. Urge cities to attract visitors during the period, set up suitable municipal travel information centres, and encourage foreign nationality groups within their confines to assist with the program.

3. Urge corporations and trade and service organizations with operations abroad to use the "Visit U.S.A. 1960" theme in their advertising and promotional activities, as well as to encourage their representatives in foreign countries to visit the United States in 1960.

4. Support legislation to repeal the 10 per cent excise tax on the transportation of foreign persons within the United States.

5. Urge continued negotiations by the United States government with other governments to ease currency restrictions which deter pleasure travel to the United States.

6. Urge government agencies with jurisdiction over recreational areas, national shrines and points of interest to visitors to make available before and during 1960 more adequate supplies of informational material.

A good many of those points could very well be applied to Canada, but it is too late now for us to counter this move except by immediate action. I am not saying that this is entirely the responsibility of government. At this late stage in 1959 I doubt if there is much the government could do except encourage and support our own industry. It is the responsibility of tourist operators themselves and of the public in Canada generally to welcome their visitors this year, to give them good service, good meals and good accommodations, and to extend such courtesy that these visitors will want to return to Canada in 1960 and bring guests, or send their friends.

In the committee on mines, forests and waters we learned that 40 per cent of the people who come to Canada as visitors come here because of something they have heard from someone else. Word-of-mouth advertising is the most immediate and important medium. We must embark upon a program of this nature. Our visitors must have some reason to come back. As I say, this summer season is our last chance to undertake this program.

We in Canada this year must bend our efforts to making our tourist season the most significant one we have had. I am very happy to say that in the area I represent, Parry Sound-Muskoka, which to a large extent is a tourist area, the picture is very bright this year. Summer came early and hot weather always drives people out of the city and into the country. The visit of Her Majesty and Prince Philip created much interest and brought many visitors to Canada early. We are off to a good start this year. I wish to appeal to all the people in Canada who are coming in contact with tourists to make it their special job this year to extend courtesy to their guests.

It may be asked what the government can do. I am not going to deal with that now because this subject was well covered in the last report of the committee on mines, forests and waters under the vote relating to the Canadian government travel bureau. In that report there are some excellent suggestions which if carried out would be of vast assistance. I leave it at that. Many answers to our problems are contained in that report.

Mr. Pearson: Mr. Chairman, we heard this afternoon when the minister introduced his estimates what he called the first coherent account of the national development plan that had been given to the house this session. We are glad to get that account from the minister. It was certainly, as was pointed out by my hon. friend from Mackenzie, a very general statement. Perhaps that is the way a statement in these circumstances should be. It was also, I believe, misleading in one or two respects, in that it gave, as I understood it, the impression that Canadian national development began in June 1957.

Some hon. Members: Hear, hear!

Mr. Churchill: On June 21.

Mr. Pearson: One of the least amiable characteristics of the minister is that he seems to believe that Canadian history stopped with the death of Sir John A. Macdonald and did not start again until the advent of the Prime Minister in June, 1957. But, as of course any objective or impartial student of Canadian history must know, the period in between those important events—and of course they were important events—is the period of greatest development in Canada's history, especially the period from 1945 to 1957.

Mr. McGee: In spite of the Liberal party.

Mr. Pearson: My hon. friend said "in spite of the Liberal party". It is a great tribute to the people of Canada, of course, that they could have had this amazing period of development, according to my hon. friend, in spite of the Liberal party. The truth is that the Liberal government of those days provided the framework of policy within which —and this is all we ever claimed—this amazing period of development occurred.

The minister, of course, sometimes in the exuberance of his vision, mistakes propaganda for performance. For instance, this afternoon he talked about the Columbia river development as if that was something that began in June, 1957; whereas he knows the present government is carrying on—I hope to successful completion—the important plans for this development which were initiated several years ago.

Of course, Mr. Chairman, we all know that the planning and development of a nation like Canada, especially perhaps of a nation like Canada, require vision. Had there not been vision since 1867 in this country, and not merely since 1957, Canada would not have reached the position she has reached today, and therefore vision is required, but planning and development require more than vision. It requires a realistic and sober appreciation of resources and means. It must not become a development where those who are responsible for government become so dazzled by the distant scene that they stumble or ignore the steps to be taken immediately ahead. That is our criticism of so much that the government has done and is doing. For instance, the minister may remember the great vision of a third transcontinental railway. The effort to realize that vision prematurely did not help in Canada's development; it hindered Canada's development and we are paying for that premature vision at the present time.

The realization of our national development through planning has to be brought about step by step without timidity, of course, but also without rashness; with common sense as well as with dazzling optimism and within our economic resources; with regard, of course, to a particular area of the country which is going to benefit by any particular scheme, naturally, but also with regard to the effect on the nation as a whole of any plan for any particular area.

Of course, the minister pays special attention to the north and no one has any right to complain about that. It is well in this country that we should pay special attention not only to what is perhaps Canada's last frontier but in a sense perhaps the world's most important frontier. Considerations that make this last frontier important are not only commercial, not only economic, but are considerations of defence and strategy, considerations of our relations with the United States of America and considerations of our relations with the Soviet union. Sometimes we get impatient in this country and sometimes there is complaint because we have not been able to develop our Arctic areas as speedily and as sensationally as they have in the Soviet union. We forget that we are 17½ millions of people; the Russians are 200 millions of people. We forget sometimes that we are a free society and that we have to persuade, induce through incentives, people to go north while the Russians can order any number of people to go north to do anything they want them to do.

There is something else about national development that we occasionally forget, and I ventured to mention this in the last session, namely that national development is not merely the opening up of new areas in our country. It can also take the form of assistance in the re-development of older areas. There is a great deal to do in this country in that respect in some of those areas which have not shared to the full, as they have the right to expect, in the economic development of our country. Perhaps that kind of national development is not as glamorous as looking ahead to arrange for submarines to sail with oil under the Arctic ice, or building glass palaces at Frobisher; but it can be even more important to the country as a whole. However, as I have said, I have no complaint with the minister's concentration on the north, with his vision of development in the north, but I do, complain, Mr. Chairman, about exaggerations and distortions and indeed the falsification of that particular vision.

I am thinking particularly of a subject which has occupied this house for a good deal of time this session already, and concerning which there has been discussion both

in the house and before the appropriate committee, namely the question of permit rights and applications for gas and oil licences in northern Canada, and in particular an attempt by the Prime Minister, the minister and at least one of his colleagues, to associate that development with claims for the protection of our sovereignty in the area against the encroachment of the United States; in contrast with the situation which existed before 1957. In particular there is the contention of the Prime Minister that the granting of those rights has been a major means of preserving the sovereignty of Canada by the present government in those northern areas. I would like to begin by quoting again what I put on the record of the house on March 9, namely a television broadcast of the Prime Minister on the nation's business, one paragraph of which reads:

> It was because I knew Canadians felt so strongly about the necessity of preserving Canada's destiny that I have advocated and the government has launched its national development policy to push back our northern frontiers. The result of our action has been that in the last several weeks—

This was in March, 1959.

> —over 75 million acres in northern Canada have been taken up for oil and mineral development, and I want to underline this that this is a major means to preserve our sovereignty.

The expressions used by the Prime Minister that I would emphasize are, first, "in northern Canada" and, second, "taken up for oil and mineral development". We also noticed at the time that he used the figure of 75 million acres. It was perfectly natural to connect that figure of 75 million acres used by the Prime Minister in that particular broadcast with the statement made earlier in the house by the minister on February 13 when the minister said, and I quote from page 995 of *Hansard*:

> I should like to emphasize to the house that this is in addition to the 76 million acres—

The Prime Minister had said "over 75 million".

> —now under permit in the mainland of the Northwest Territories and the Yukon.

The minister was referring to 76 million acres on the mainland of the Northwest Territories and the Yukon which presumably was the area which the Prime Minister was referring to when he talked about almost 76 million acres. Then, on March 10 of this year the minister on his own initiative made a statement in the House of Commons in connection with the public sale of oil and gas permits in northern Canada for 3,546,829 acres. The minister had this to say on March 10 as found on page 1774 of *Hansard*:

> All the acreage, except for some 250,000 acres, lies in the southwestern Northwest Territories and southeastern Yukon in the general vicinity of Fort Liard.

That reference was to the sale of oil and gas permits in the Northwest Territories and the Yukon territory, not, I point out, to the Arctic islands at all. The minister also made the following statement on that occasion:

> I should emphasize that this sale is for exploratory privileges only, though if the permittee complies with the regulations he may acquire up to 50 percent of each area as an oil and gas lease. He must apply for such a lease if he discovers oil and gas and wishes to commence production.

In other words, Mr. Chairman, the issue of a permit has certain obligations and gives certain privileges. In view of the Prime Minister's statement made the preceding evening on a national network I asked the minister when he finished that statement how many of the bids he mentioned were made by United States corporations or Canadian subsidiaries of such corporations because the Prime Minister had made such a point about the preservation of Canadian sovereignty in this way. Later in answer to a question by the hon. member for Mackenzie River the minister provided the percentage acreage which showed that for that particular sale of something over three million acres on March 9 Canadian corporations held only 4 per cent and United States corporations and Canadian subsidiaries of United States corporations held 93 per cent of the acreage under permit in that particular sale of something over three million acres.

It was certainly clear that in so far as this particular sale was concerned there was very little done to enhance or protect Canadian sovereignty because of the fact that 93 per cent of these permits went to United States corporations or Canadian subsidiaries. I made reference to this fact in my speech in the house on April 21 and the minister and some of his colleagues took violent exception to the way I put it. They said I was misrepresenting the situation because I was giving the impression that these percentages applied to the 75 million acres. I admit that certainly was an impression that could have been taken and so when they made their complaints, as found on page 2911 of *Hansard*, I corrected myself and I mentioned that this particular sale applied only to the parcel of land in question of something over three million acres.

However, in the light of the minister's violent, and it was violent, intervention on that occasion we on this side decided to seek from him information with respect to the whole of the northern area of which the minister had provided us with information for only one sale, that on March 9. For that

reason the hon. member for Ottawa West asked a further question, the answer to which will be found in *Hansard* for April 29, page 3148. The question read as follows:

1. Were 75 million acres recently taken up in northern Canada for oil and mineral development?
2. If so, by whom?
3. What percentage has been assigned to (a) Canadian corporations; (b) United States corporations and Canadian subsidiaries of United States companies; (c) British corporations; (d) others?

The minister replied to that question in a most peculiar manner. He threw up quite a smokecreen to conceal the actual facts. In fact, he shifted the discussion. Whether he threw up this smokescreen for that purpose I do not know. Perhaps I should not say he did it for that purpose but that certainly was the effect of the answer he gave because he shifted the discussion from the subject which had been under discussion up to that point, namely permit rights on the mainland—that is what we were talking about—to applications for exploratory licences in the Arctic islands. On the basis of such applications for exploratory licences in the Arctic islands, which had nothing to do with the question at all, and not on the basis of permits granted, which was the question, not even on the basis of applications granted, the minister was able to show to the house and to the country that 68 per cent of the 86 million acres for which applications had been made consisted of Canadian applications.

The minister is pretty naive if he thinks he can get away with such an obvious effort to confuse the discussion and to mislead the opposition in that way in a matter which is of such importance in view of what the Prime Minister and the minister himself had been saying about it outside the house. So, in awareness of this particular technique and after a very strange speech indeed by the Prime Minister in Montreal which I will deal with a little later, the hon. member for Mackenzie River put a further question on the order paper which was answered on May 20, 1959, page 3836 of *Hansard*.

In that question the opposition made a further attempt to get information covering all the northern areas on the mainland which the minister accused me of failing to provide in my speech on April 21. So we asked what was the total acreage for which exploratory oil and gas permits were issued, not applications for licences, between July 1, 1957, and March 31, 1959, on the mainland of northern Canada. The Prime Minister had said that there were over 75 million acres for which permits had been granted in his television broadcast in February. The answer given by the minister was that in 21 months, not in recent weeks as the Prime Minister had said, permits had been issued for 60 million acres on the mainland of northern Canada.

So we now ask the minister how Canadian sovereignty, in the words of the Prime Minister, was preserved by issuing under his jurisdiction in that period permits for 60 million acres on the mainland of Canada.

The answer to that question is quite clear because according to the minister's own figures more than 70 per cent of this total acreage of 60 million acres was granted to non-Canadian companies, a total of 63 per cent to United States corporations or Canadian subsidiaries of United States corporations and less than 30 per cent of the total acreage was granted to Canadian corporations. Now I ask the minister, based on the information given for all the northern areas, all the mainland, based on the figures that were given and not just on the sale of March 9 about which he complained earlier, was he justified in saying that this is a major means of preserving our sovereignty? If it is, then it is less than 30 per cent sovereignty.

In this same answer, which will be found on page 3836 of *Hansard* if the minister is looking for it, the minister did something else. He tried to produce a figure for both the mainland and the Arctic islands by adding together the permits granted on the mainland and the applications for licences on the islands. He produced, in that strange way, a figure for the whole of the north, the islands and the mainland. Mr. Chairman, that figure was nonsensical and misleading, I would say, because by adding applications to permits—two very different things—he made a total which was just about as sensible as if he had added oranges to apples and got 50 of the former. It is quite true that applications made for the Arctic islands by Canadian individuals and corporations covered 68.74 per cent of the total acreage. As we know, some of these applications were from very unusual sources indeed. However, of the 60 million acres for which permits were granted, less than 30 per cent went to Canadian corporations or Canadian individuals.

The conclusion to be drawn from the additional information provided by the minister is even more damning than the information provided for the sale of March 9 covering only three million acres. The information now shows that while Canadian individuals and Canadian corporations made most of the applications, United States corporations got most of the permits in the Canadian north. The minister, in explaining to the committee how these applications are received and how the permits are granted, has said that there are three categories or stages, as follows: First, there is the application; second, there

is the exploratory licence which is valid for one year and which allows geological reconnaissance; then, third, there is the exploratory permit which imposes obligations, which allows drilling, and later can give rights for leases if the permittee fulfils certain undertakings.

The minister has now given us the acreages for the Arctic islands and the continental shelf covering applications and nothing else. He has given us the acreages on the mainland relating to exploratory permits. Now, let me talk about the exploratory permits, and we are getting down to business. With all this information before him, with all this information having been made public, it is amazing that the Prime Minister in May would repeat the kind of statement he made over TV. I have his statement here. This was, I think, on May 8. I am quoting from page 10 of the text of the Prime Minister's speech, where he had this to say:

> In the far north, as a direct result of action taken by this government 85.9 million acres on the Canadian mainland in the Mackenzie district and the Yukon have been taken up by firms and individuals for oil and gas development.

A few weeks before he had restricted it to 75 million acres, and the minister said the figure was 60 million acres. Now, before this great Conservative dinner in Montreal on May 8 the Prime Minister has a figure of 85.9 million acres as the acreage which he said had been taken up by firms and individuals for oil and gas development and which was apparently meant, if the Prime Minister's words meant anything, to cover exploratory permits whereas, as I have said, the minister in his official figures said only 60 million acres had been given out since July 1, 1957, and of these 60 million acres less than 30 per cent had been given to Canadian companies. Then, the Prime Minister in the next paragraph of his speech had this to say:

> Another 86.5 million acres on the continental shelf in the Arctic islands are now being developed under exploratory permits. These are stupendous figures.

They certainly are stupendous, in more ways than one. I continue to quote:

> The potential of expansion which they imply for the Canadian economy is almost beyond imagination.

These figures are almost beyond imagination, too, because the Prime Minister said 86.5 million acres were under exploratory permits in the Arctic islands. Not so, says the minister, there are no permits on the Arctic islands, only applications, as I shall be able to prove later by quoting the minister's own words. Then, the Prime Minister went on:

> What is equally important in this connection is that Canadians are taking the lead in this development of Canadian resources. 68.7 per cent of the applications covering these 86.5 million acres are from Canadian corporations and individuals;—

Yet we know that that is true only in respect of applications and is quite wrong in respect of permits granted because 60 per cent or more of those went to the United States. Then, the Prime Minister finished by saying that it is apparent Canadian sovereignty has not been neglected; that Canadians are taking the lead in this matter and Canadian sovereignty this time has not been neglected.

Canadians are taking the lead all right in making the applications because the figures given refer to applications, not to permits. Making applications is hardly the development of Canadian resources. We claim, and the figures given by the minister himself prove it, that the United States is taking the lead in getting exploratory permits and Canadians are taking the lead in making the applications. The Canadians apply and the United States citizens receive. As a result of this, the Prime Minister said that Canadian sovereignty in the Arctic is being protected in this particular way.

In his earlier speech the Prime Minister had said that 75 million acres were taken up recently, and now he gets this figure of 75 million raised by May to 85.9 million acres. What did he mean by "recently" in the earlier speech? We do know, I repeat, that this particular government gave permits for 60 million acres, of which more than 70 per cent went to non-Canadian corporations.

When I stated, as I did a few moments ago, that when the Prime Minister talked about permits being given in the Arctic islands he was contradicted by his own minister, perhaps I had better prove that particular statement. Not only did the minister contradict the Prime Minister, but he has contradicted himself in this matter. Here is what he said to the committee, and I am reading from report No. 14, page 351 of the committee evidence, and this is in respect of the issuing of permits:

> A question was asked yesterday in the house by another hon. member which allowed me to state what was happening in the area of the Arctic islands—

Then he went on to say this:

> —where there are now 86 million acres under permit.

That is what the minister told the committee. Perhaps that was the basis upon which the Prime Minister made his statement in public. But what did the minister

say in the House of Commons? I quote from *Hansard* of February 13, page 995 as follows:

> In the Arctic islands the oil and gas regulations are being revised, and until such time as the revision is complete no permits are being issued.

Then later, just a day before the statement he made to the committee which I have quoted and in which he said there were no permits being issued in the Arctic islands the minister had this to say on April 29, as reported at page 3149 of *Hansard*:

> Very recently, however, interest has been shown in the Arctic islands and in the sea bed and subsoil of the continental shelf off Canada's northern coast. If the hon. member refers to this more recent activity the strict answer to his first question is no, since up to the present no permits have been granted in the Arctic islands or the continental shelf.

Which are we to believe? Are we to believe the minister in the committee, or the minister in the House of Commons? Later, on May 6, just before the Prime Minister spoke in Montreal—in fact two days before the Prime Minister spoke in Montreal—the minister had this to say as reported at page 3377 of *Hansard*:

> These companies simply requested priority to obtain oil and gas permits when the revised oil and gas regulations are promulgated—
>
> The licences issued do not cover a specific acreage but are designed for general geological exploration anywhere in the Northwest Territories and Yukon Territory, including the Arctic islands.

In other words, they were not permits at all. Then again on May 11, just after the Prime Minister spoke, the minister as reported at page 3514 of *Hansard* had this to say. This was after the Prime Minister had made his statement in Montreal.

> First of all I would like to make it clear that we have not issued any exploratory permits . . . with regard to the Arctic islands and the continental shelf.

Perhaps the minister, before these discussions end, would try to explain some of these contradictions. If we on this side of the chamber have some doubts as to the reality of the minister's statement with regard to the vision, perhaps contradictory statements of this kind in the house and in public, perhaps this kind of statement of the Prime Minister made about the protection of Canadian sovereignty in the Arctic, give us some justification for having those doubts.

Mr. Hamilton (Qu'Appelle): In view of the obvious sensitivity of the Leader of the Opposition with regard to the terrible fluff that he made in the house some weeks ago on this matter of describing the sovereignty of the north on the basis of one sale of three and a half million acres, I think I should like to clear that record up but fast. I am going to say frankly to the Leader of the Opposition that if he wants to make use of dialectics in quarrelling over the words "exploratory licences" and permits that are waiting servicing, let him go ahead.

Mr. Pearson: Just tell the truth.

Mr. Hamilton (Qu'Appelle): However, the thing be remembered is this. At no time did the Prime Minister ever make a false statement.

Some hon. Members: Oh, oh.

Mr. Pearson: Read his speech.

Mr. Hamilton (Qu'Appelle): If the Leader of the Opposition wants to stand up in this house and say that he made a false statement, let him stand up and say so.

Mr. Martin (Essex East): Those are dialectics.

Mr. Hamilton (Qu'Appelle): All the hon. member does is to comfort himself by saying that at one time the Prime Minister spoke of 75 million acres, another time I spoke of 60 million acres, another time the Prime Minister spoke of 85 million acres or 85.9 million acres, to be accurate, and another time he spoke of 86.5 million acres. Let me explain this to the Leader of the Opposition. Right tonight, July 10, the number of acres that are out under application for permits in the Arctic island is 95.4 million acres.

Mr. Pearson: How many permits have been issued?

Mr. Hamilton (Qu'Appelle): When I make this statement I expect the Leader of the Opposition to go up and down the country and to say that I have contradicted myself. The only thing he cannot stomach is the fact that business people from all countries are taking an interest in our resources and these applications for permits are coming in every day. That is the thing that he cannot stomach.

Mr. Pearson: Why don't you tell the truth?

Mr. Hamilton (Qu'Appelle): His advisers told him in 1958 that all this program was a program from igloo to igloo, and he has lived to regret it.

Mr. Pearson: Why don't you answer with facts?

Mr. Hamilton (Qu'Appelle): That facts are as I have given them here now. Up to the period of 1957 there were in the Yukon two reservations of roughly 6 million acres. A recent figure is 6,133,760 acres. This was by reservation. In addition, up to July 1, 1957 there were 18,794,504 acres given out before this government changed.

This was over a long period of time and some of these permits for exploration are now running out. After the change of government there was an obvious increase in interest which was shown particularly in the fall of 1957; and during that period on the mainland and to the present time—up to roughly about three weeks ago when these figures were compiled—the figure had risen to the figure quoted by the Leader of the Opposition. On the mainland in addition to the reservation of permits before July, 1957, an additional 60,942,006 acres were given out. Then starting last February there was a rush on the islands off the shores of our mainland covering some continental shelf and covering these islands and this figure in this tabulation I have here, is shown at 89,018,364 acres. The most recent figure to date, the total in the Arctic islands now under application for permits is now 95,451,508 acres. The total in the Arctic islands under application for permits is now 95,451,508 acres. Those figures will change day by day. Therefore every time I give up to date figures I suppose I contradict myself.

Mr. Hardie: Give the exploration permits.

Mr. Pearson: Does the minister not know the difference between an application and a permit?

Mr. Hamilton (Qu'Appelle): The Leader of the Opposition made a great play over this difference between applications for permits and permits. I want to assure this committee that as far as the development of resources is concerned—and his own words were that applications are hardly the development of Canadian resources—at this very moment there are—and I am just trying to check the figures—either 10 companies or 12 companies actively engaged in work in these northern islands under these applications for permits and such work is just as useful for the development of resources whether it is done under application for permit or under actual permit.

What was the reason why we let them have these exploratory licences or to work, as I call it, under application for a permit? The reason was simple. To any person knowing the difficulties in the northern islands it was obvious that there had to be promulgated a set of regulations that would meet the conditions there; first of all to encourage companes to go into this area and, second, to make sure that the resources there were effectively administered and used in the best interest of this country. We were therefore working on these regulations last fall with no expectation that this rush would suddenly break out in February. When the rush actually did break out we drafted quickly a series of regulations and intended to put them into effect. The government has been studying these regulations with the idea of seeing that everything is done not only to protect the utilization of these resources in the best interests of the people of Canada, but to make sure, as far as we can go, that there is effective administration by the Canadian people of these resources.

Mr. Chairman, a great deal of play has been made over these percentage figures. I have been quite candid with the percentage going to Canadian companies, the percentage going to Canadian subsidiaries, to United States companies, British companies, Dutch companies, French companies, to other foreign companies, and the percentage going to United States or Canadian individuals. These percentages do not mean anything in the long run.

Mr. Pickersgill: Why give them then?

Mr. Hamilton (Qu'Appelle): What does mean something is who has the oil and gas when it is found? I heard from the hon. member for Bonavista-Twillingate the expression, "Why give them?" The answer is is that I was not the person who asked for these percentages; they were asked for by the Leader of the Opposition, and all across this country went a headline that 93 per cent of our northern oil and gas lands had got into the hands of United States companies.

Mr. Pickersgill: Who said that?

Mr. Hamilton (Qu'Appelle): That was a statement of the press.

Mr. Pearson: Quote a headline.

Mr. Hamilton (Qu'Appelle): In the Canadian Press. I stood up on a point of order that night and tried to correct the Leader of the Opposition, and my correction was not allowed. He kept going on and on, and finally Mr. Speaker had to let me have two minutes before the vote was taken to try to correct the Leader of the Opposition. Now he comes along tonight, on July 10, several months after this occasion, and admits he is wrong.

Mr. Pearson: Mr. Chairman, on a point of order, I would like to call the minister's attention to page 2911 of *Hansard* for April 21, where I said:

> —we get specific information covering about three million acres, we find that 95 per cent of these leases were granted to United States corporations—

I made that statement after the minister corrected me.

Mr. Bell (Carleton): That is not a point of order.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I understand how sensitive the Leader of the Opposition is, because when a person has

made a horrible blunder of the calibre the Leader of the Opposition made I can understand him trying to get out of it.

Some hon. Members: Oh, oh.

Mr. Hamilton (Qu'Appelle): But it is apparent to the people of Canada that the hon. member has a great deal to learn about domestic problems in this country.

Some hon. Members: Oh, oh.

Mr. Hamilton (Qu'Appelle): It is also apparent, too, to this house that we have been very patient while the Leader of the Opposition tries to learn something about what goes on in Canada. I can see from the annoyance of the hon. members across the way that they are not too happy about the fact that with regard to the oil and gas development in the north there is, or rather was up until a few weeks ago because the figures are higher now, a total of 168,754,876 acres out under permits for exploration and exploratory licences, or, if you want to be more accurate, applications for permits.

Mr. Pearson: Yes; be accurate, that is all.

Mr. Hamilton (Qu'Appelle): I am accurate.

Mr. Hardie: Be honest.

Mr. Hamilton (Qu'Appelle): In addition there is this reservation of six million acres, and to be even more accurate, Mr. Chairman, with regard to waters under territorial lands there is the additional seven million acres out under permits or applications for permits at the present time. I think the Canadian people will be satisfied with this work which is going on, and I want to conclude my remarks with what the Leader of the Opposition has said on this salient point of sovereignty. If the Leader of the Opposition goes back—

Mr. Pickersgill: It was the Prime Minister who talked about sovereignty.

Mr. Hamilton (Qu'Appelle): The hon. member for Bonavista-Twillingate—

Mr. Pickersgill: Let us be accurate.

Mr. Hamilton (Qu'Appelle): —knows that he can make a speech any time he likes on my estimates.

Mr. Pearson: And he will.

Mr. Hamilton (Qu'Appelle): I wish he would let me finish this topic, because I know he will wish he had not interjected.

Some hon. Members: Oh, oh.

Mr. Hamilton (Qu'Appelle): Coming back to this salient question of sovereignty, in my opinion there is no question of sovereignty on any part of the mainland of Canada; but there is a small question of doubt in the minds of some who are unaware of the facts about our sovereignty on the Arctic islands and the areas around them. Therefore this is, if I may use the word "sensitive" in the correct way, a sensitive area for Canada, and if the Leader of the Opposition goes back to the discussion of the estimates last year he will find out that he agreed that the only way we could maintain sovereignty in our far northern areas was by effective occupation. That is not my phrase. It is not his phrase. But we both agreed that this was the effective way, and I think that he would be fair enough to admit that the most effective occupation that Canada can provide is effective, tangible administration. Whether it be the operation of airfields or D.E.W. line stations or weather stations or the new airfields we are constructing in the islands or the research teams we have there or the company activities looking for oil and gas, so long as that is done under our effective administration, that is the most tangible evidence to any person in any part of the world that this is Canada and that this is the land we will fight for.

I hope I have said enough to answer the remarks of the Leader of the Opposition, and I think that he should join with us and be proud that this development has taken place. I know that the development of these northern areas will take a long time, but I believe, not only in theory but in fact, that the most realistic way to do it is to approach our undeveloped territories from the south up through the provinces and through the east and north at the same time in a vast pincer movement. It is very important to us as a nation to make certain that with submarines going around the Arctic seas this area is beyond question the sovereign area of Canada, and this oil and gas exploration in the northern areas has come as a great boon to us. We are rather happy that in the figures I have quoted in answer to one of the questions the percentage in the Arctic islands at that date, of Canadian companies or Canadian individuals who held licences was 68 per cent. At the present time the percentage is a little higher. I know, as I said earlier, that percentages do not mean anything. It is who has the oil in the end that counts, after all. But as far as sovereignty is concerned, as long as that company is working under our direction, then by effective administration of that resource in that area we are giving the best evidence of sovereignty that we can give. If more Canadian individuals and more Canadian companies and more Canadian subsidiaries of foreign companies get this acreage than outside companies, it will make us all a little more nationally conscious that Canadians are getting up there and getting their share.

As a matter of fact, I think the committee would like to know what the percentages are over this whole area. I will be very careful here. I am now quoting from the document I have before me which goes back two or three weeks to the time of the committee. These are the percentages on the mainland and on the islands, and they include permits and applications for permits, because in our minds, and in the mind of any person who is sensible, when these applications go in the permits are taken out and it is in effect the same thing. If one or two dropped out it would not seriously affect the figures. At the present time, over the whole north—

Mr. Pickersgill: Before the minister starts on that, would he permit one question?

Mr. Hamilton (Qu'Appelle): Surely.

Mr. Pickersgill: Could the minister say whether every one of these applicants is going to be given a permit?

Mr. Hamilton (Qu'Appelle): Each one of these applicants has established a priority and will be given a permit provided he shows that his operations are sufficient to carry out the requirements necessary.

Mr. Pearson: Ah, there is a proviso.

Mr. Hamilton (Qu'Appelle): I see the Leader of the Opposition smiling at that. I heard one suggestion in committee that one of these men was a bartender. I happen to know this fellow is a bartender, but he was once, and still is, a prospector who has gone out and found resources in this country, and prospectors' fortunes go up and go down. I never met this man but he wrote me a letter and thanked me for coming to his defence in the committee.

Mr. Hardie: Was he ever in the Arctic islands?

Mr. Hamilton (Qu'Appelle): I never asked him. However, I do not like this kind of ridicule.

Mr. Hardie: How would he know what acreage to take up there?

Mr. Hamilton (Qu'Appelle): Just cool off and you will be all right. I was just about to give these figures. As I say, the criteria is not who has the highest percentage. Who ends up with the oil is what counts. I refuse to get involved in a fight about these percentages.

Mr. Pickersgill: If they do not mean anything why waste our time?

Mr. Hamilton (Qu'Appelle): The figures are as follows. These totals are for all permits issued to date from the very beginning.

Mr. Pearson: And applications?

Mr. Hamilton (Qu'Appelle): Yes, and applications for permits, from as far back as 1952 and 1953 up to three or four weeks ago. The tabulation is as follows:

Total Permits and Applications for Permits to Date (Excluding Reservations and Areas under Territorial Waters)

	Per cent
United States companies	20.02
Canadian subsidiaries	14.25
Canadian companies	31.28
United States citizens	9.68
Canadian citizens	21.65
Joint holdings	1.47
British companies	1.65

This does not include the reservations nor does it include the areas under territorial waters which total another 13 million acres. I hope that what I have just said makes it very clear to the committee that there is no intention to conceal. We are so proud of these figures we want the whole country to know about them. We are proud that this development has come with such a rush within the last two years. We are happy that an interest has been aroused in Canada's northland, both in Canada and all over the world. Surely the opposition cannot blame us if we take just a little credit for being an active government instead of a passive government.

While I am on my feet I should like to say a word or two about the remarks of the hon. member for Mackenzie River this afternoon. I want to compliment him for taking the time to work out a constructive program as he did. I think he can say with some accuracy that he too has a vision. I was examining his remarks over the dinner hour and they represent a practical approach.

Mr. Pickersgill: Hear, hear.

Mr. Hamilton (Qu'Appelle): These winter roads in these areas may very well be the answer to the problem of these areas. I will not quarrel with the accuracy of his estimated figures because I have no way of knowing what is right. I would suggest, however, that the figure of $20 million for hard surfacing the Mackenzie highway right to Yellowknife is a little low. The Alberta government asked us to hard surface up to the territorial boundary. Whereas the hon. member estimated $20 million for the whole highway the estimate of the province for that small part of it was $70 million. But that is not the main thing and I do not seek to quarrel. The main thing is that the hon. member came forward with a constructive approach.

The hon. member referred to flight strips. These would be of benefit to some of the

mining operations. They are not so important to some of the oil and gas companies because I inquired about it and they suggested that their areas are so large that a helicopter would serve them better.

The hon. gentleman's suggestion about electromagnetic surveys is absolutely sound. It will interest him to know that this is the type of survey we have requested the Department of Mines and Technical Surveys to undertake in south Yukon and Great Slave lake.

I could go through the hon. gentleman's remarks and comment on each point but I will content myself with saying that these suggestions will not only be considered but will be considered favourably and realistically. The hon. gentleman is to be congratulated for the constructive speech he made.

As for the political stuff at the beginning of his remarks about how this road program in the territories was all taken from royal commissions, let me say that the hon. member knows as well as I do that it is one thing for a civil servant, knowing what is necessary, to make recommendations to a royal commission and it is another for a government to accept recommendations from that civil servant. The fact is that the previous government did not accept those recommendations and those programs. If the hon. gentleman wants to call this a Liberal program, let him go ahead but the chief difference, I might point out, is that—

Mr. Hardie: One was practical and one was impractical.

Mr. Hamilton (Qu'Appelle): —we simply squeezed it into a smaller period so that a person living in the north could see some sort of development going on there before his death.

There was a question raised about Frobisher Bay. An investigation is now being conducted and a group of architects and engineers are looking at the plans. I want to tell the committee there will be no plastic cities at Frobisher Bay unless they are a lot cheaper than those about which we have heard to date.

Mr. Pearson: Why talk about them, then?

Mr. Hamilton (Qu'Appelle): Because that happened to be the first sketch that was produced for us. I was not the one who talked about them. The sketch appeared in an architectural magazine; how, I do not know. I am not going to quarrel about that either because I do know from examining these costs of construction of housing and the building of sewers and water facilities in the north that the north cannot be developed as we feel it should be developed on the basis of these high costs. I believe that the ingenuity of our scientists and engineers will find answers to these problems in the very near future.

The hon. member for Port Arthur rose and made what I thought was a quiet and sensible speech. He was not too impressed with the committee's findings with respect to the forestry branch. I would think that any person who reads that committee report could reach one of a variety of opinions concerning it. I said this afternoon that I thought it was a pretty hard-hitting report and that we were going to examine it carefully. If I were a strong forestry man I perhaps would not support the setting up of a forestry department but perhaps it would be a wise thing. The whole report will give the department something to get its teeth into for the next year or two.

I should like to support the suggestion made by the hon. member for Port Arthur that hon. members of the committee should take a trip to the north, particularly along the Mackenzie valley and see for themselves some of the things they have taken the liberty of criticizing. I for one have not seen some of the things that were criticized by the committee and I have held back my criticism until I can see them and make up my own mind.

The hon. member also spoke of the development of northwestern Ontario. He knows that I am right with him on that because I believe that is one of the most promising areas of our country. I should like to remind him that the resources are in the hands of the province and we will do everything we can to co-operate with Ontario. I understand that this province has now agreed to the roads to resources agreement. I expect that will be up before the government soon for approval here.

I thank the hon. member for handling the discussion of the museum as he did. As a school teacher he knows that when difficulties arise on a staff where personalities are involved it is very difficult for the principal of the school or the school board to take a position without hurting someone. I attempted to act in a manner that I thought would protect the museum. I thought no good purpose would be served by bringing personality clashes out in the open. I examined the evidence and found I had no choice in this matter. If there has been any personal frustration for anyone I can only say I am sorry. I do think the museum is settling down. I know the great work that it can do will go forward. We are going to be pretty busy for the next year or two as

the geological survey and the art gallery move out and the museum commences to make adjustments in their new surroundings. We are rebuilding the staff. I hope all hon. members of the committee will support me in attempting to assist the museum to proceed in its important work under pleasant and happier circumstances.

The hon. member for Parry Sound-Muskoka, made a thoughtful speech about the tourist industry in Canada. I do not think there is a person who will disagree with him in saying that we should all do a little more advertising and should win more tourist friends for Canada. We must discriminate in our advertising but only in the sense of going after those markets that bring us the highest returns. We have met with more success than the amount for which the committee gave us credit. With respect to camp grounds and picnic sites, over the last few years—I am trying to think of the figures; if I may I will just use round figures —over the last two winters over 500 camp grounds and picnic sites have been built along the highways in the provinces of Canada thanks to the 50 per cent contribution by the federal government, and the 50 per cent contribution by the provinces. In addition to this, there are over 100 camp grounds planned along the trans-Canada highway, and I think that the two of them at the end of the next two or three years will provide in dollar value at least roughly about $10 million worth of places where people can stop and rest themselves and enjoy the scenery that is about them.

I should like to suggest that in addition to advertising for the tourist industry we have to provide plants. I have given one example of how we as a federal government can help the provinces provide the type of plant that private enterprise does not as a rule provide. I can mention in addition to that the forest access roads which have opened up many miles of forest and I hope over the next few years will open up a good many more miles of forest in Canada which will make accessible places for people who like fishing and hunting and the scenery of our back roads.

Finally, our roads to resources program has proven successful already in taking tourists into areas where they could not get into before. As the years come along I think hon. members will see that the tourist industry in Canada can be made even better than it is today. We all regret the drop in income last year. We have not any figures that are final for this year yet, but we must make an effort to maintain this great dollar earning industry at the level that it could be.

Mr. Herridge: First of all, Mr. Chairman, I must say I was very pleased to hear the minister's response to the very constructive proposals made by the unassuming but hard-working hon. member for Mackenzie. I know the member has long thought of those questions that he brought before the committee this afternoon and indeed, in listening to his speech, I thought he made a very comprehensive and constructive approach to the questions with which he dealt.

As a backwoodsman who has had an interest in forest conservation for 50 years, and who happened to be a forest farmer during that whole period, I am going to confine my remarks entirely to the forestry section of the report of the committee on mines, forests and waters. I might say, Mr. Chairman, that during my whole life I have had four major affections and interests: the first, the ladies; the second, trees; the third, horses; and the fourth, ships; but this evening I am going to deal with the question of trees—

An hon. Member: Why not women?

Mr. Herridge: —first of all, because of my particular interest in this question over practically my whole life time, and because of the fact that 40 per cent of the production of the province from which I come, British Columbia, results from the forest industry.

We have made considerable progress since the second world war. I remember before the Canada Forestry Act was passed there were representations, in the first instance I am very proud to say, from the representatives of the forest industry in British Columbia urging that such an act be passed by the federal government, and representations from the Canadian Forestry Association and the Canadian Institute of Forestry. That was the first, shall I say, great step so far as the federal government was concerned with respect to legislation which provided for co-operation between the federal and the various provincial governments. Since that act was passed there has been a great deal of good accomplished. Forest inventories have been undertaken in the various provinces as a result of the agreements, and I understand that most of those are practically completed. There has been work undertaken with respect to reforestation as a result of agreements between the federal and provincial governments and some very effective work undertaken as a result of agreements with respect to forest fire protection and some limited work undertaken as a result of agreements with respect to aerial spraying projects.

Also, since the passing of the Canada Forestry Act, there has been considerable

extension of the research work undertaken by the forestry branch of the minister's department and also quite an advance in education. But, as the minister mentioned previously this afternoon, for 25 years the committee on mines, forests and waters had not met. I had the honour of being a member of this committee from 1945 to 1957, a committee which never met during that whole period. However, I must say that the question of the necessity for the committee meeting and the other questions related to further interest required on the part of the federal government in forestry projects were kept alive by the Canadian Forestry Association, the Canadian Institute of Foresters and various conservation organizations across this country.

I cannot pass by this aspect of the question without referring to the excellent work done by the British Columbia natural resources conference which was established in the first instance, I think in 1949, under the coalition government of British Columbia at that time. There is no other province in Canada that has undertaken a series of annual conferences of this type which have contributed a great deal toward an understanding of the problems with respect to the innumerable natural resources in the province of British Columbia.

I notice while I am speaking that my colleague from Port Arthur is mumbling and growling because I am making some complimentary references with respect to what we do in British Columbia, but I shall not take any notice of him. I want to tell hon. members on behalf of the C.C.F. group that we discuss these questions in our caucus. We have urged a number of things. I might say I am very delighted with the report that the committee on mines, forests and waters had presented to this house, and in particular with respect to the forestry section of the minister's department.

For years I urged that the committee on mines, forests and waters meet and that the estimates of the minister's department be referred to that committee, without result. My pleas fell on deaf ears. I am very glad to know that since the minister has taken office the committee on mines, forests and waters met in 1958 and again this year. I just want to mention that because it indicates that there is an influence from the C.C.F. group in this house throughout the years. It is the eroding of the hard stone, but we do find that we accomplish our objectives.

For some 12 years I have urged the necessity of a dominion-provincial conference to deal with the question of a national policy for the conservation of land, forests, water and other renewable natural resources. Year after year this question has been discussed in the house on a private member's resolution introduced by the hon. member for Kootenay West on behalf of the C.C.F. group. I was very pleased at that time, when I introduced the resolution and there was an opportunity to debate it, that it was supported by the Progressive Conservative members on the opposition side of the house during those years. I am very glad to note that our efforts in that respect have brought some results. In that connection I want to put an editorial from the Lethbridge *Herald* of December 1, 1958, on the record because I was very pleased indeed to read this. The heading is, "Conservation Study", and it reads as follows:

> A meeting of federal and provincial representatives held in Ottawa in mid-November has gone almost unnoticed, though it may turn out to have been one of the most important in a decade. For it reached agreement on the holding, no later than the summer of 1960, of a national conference on conservation "to discuss the multiple use of such renewable natural resources as soil, forests, wildlife, fish, water and recreational facilities".
>
> Conservation has had but half-hearted treatment in this country to date. Organizations like the Canadian forestry association and fish and game associations have long been active within their respective fields, and in recent years governments have taken preliminary steps to ensure the wise use of our renewable resources. But in no province, so far as we know, have conservation measures been either co-ordinated or adequately planned, and interprovincial and federal-provincial co-operation have been negligible.
>
> There is no guarantee, to be sure, that the national conference on conservation will utter the last words on the subject. But judging by its aims, it should bring some worthwhile improvements. Those aims are: (1) Assembling information on the present status of resource management and research in Canada. (A steering committee to be set up shortly to compile material from provincial governments and other agencies on resource activities.)
>
> (2) Discussing weaknesses and gaps in the field of resource management and research.
>
> (3) Indicating areas where further efforts are required.
>
> (4) Creating a better understanding on the part of the public at large, governments and industrial and other special groups of the meaning of conservation, its present status in Canada and its implications for the future.
>
> The very fact that conservation is to be examined at the federal-provincial level is a happy augury. We congratulate the Diefenbaker government for initiating this development; and we think praise is also due to Mr. H. W. Herridge, M.P. for Kootenay West, who over many years has been a persistent advocate of just such a move as this.

I could not resist reading that editorial, Mr. Chairman, because although my pleas fell on deaf ears in the case of the former Liberal government I am delighted that finally the present government has taken action in that respect because I think it is a most important subject and I look forward to some very excellent results from this conference.

Another thing that I want to urge on behalf of the C.C.F. group is the necessity for the establishment of a department of forestry separate from the Department of Northern Affairs and National Resources. I am delighted, Mr. Chairman, to know that the committee has recommended exactly that, following right in our trail. Once again the C.C.F. has indicated that it thinks well in advance and that its policies are sound.

Then I have urged for years on behalf of this group the necessity of an increase in the money appropriated for research, the necessity of the expansion of research with respect to our forest products laboratories and research in the field. I am therefore pleased to note that in the committee's report it recommends that very thing, the expansion of research so far as the forestry branch is concerned.

Then again, for some 12 years I have urged on behalf of this group the point of view that there should be a review of taxation policies with respect to federal government and provincial government taxation. I have urged for years that there should be similar consideration given to the forest industry, the lumber industry and the pulp and paper industry, with respect to exemptions for roads, firefighting equipment, trails, telephones and all these extra costs associated with development, as is given at the present time to the mining, gas and oil industries.

Mr. Macdonnell: Is there anything you have not asked for?

Mr. Herridge: Very little. Then again, on behalf of this group I have urged the necessity for expansion of access trails and roads to make possible the more efficient fighting of fires in the forests of Canada, and I am very pleased to notice that the committee has recommended exactly that. Speaking always on behalf of the group I am associated with, the democratic socialist group in this house, I have also urged consideration of the development of our oriental markets and in recent years recognition of China because of the great possibilities of markets for the products of the forests of British Columbia in that country. In that connection, as the evidence before the committee will show, we have the heads of the great firm of MacMillan, Bloedel and Stewart, other representatives of the forest industry of British Columbia, the Vancouver board of trade, all the trade unions of British Columbia, in fact, all the sensible people of British Columbia, supporting this policy at this time. I am very pleased to note that the committee makes exactly this recommendation in its report.

These things that I have advocated on behalf of this group have not been advocated out of thin air. They are the result of discussion and consideration. Every one of these policies that have been advocated over a period of 13 years by the member for Kootenay West on behalf of this group has received the support of the entire forest industry of British Columbia and the trade union organizations associated with it.

I do want to say Mr. Chairman, that this excellent report of the committee clearly indicates a lack of action on the part of the government of Canada, action that should have been taken before now. I must say that I was very pleased to hear the minister say that he gave his officials carte blanche to answer freely the questions asked by the committee. It is quite evident from the report that the committee has made to the house that the committee has not been under any duress or pressure whatever from the minister or the government to restrict or modify its report. I am very pleased to note that. Mind you, it is a very forward looking report and possibly contains some things that will give the minister headaches in future months or years, but I think it is a genuinely democratic report that expresses the opinions of the members of the committee.

I may say that I was not a member of the committee but I was allowed to sit in when forestry was under consideration and have my little say from time to time. I appreciate very much the kindness of the committee in that respect. This report is a democratic report from a committee without any strings attached which offers a great opportunity to the minister and the government in the days ahead.

Before concluding I do want to urge on the basis of this report that the minister give consideration to further amendments to the Canada Forestry Act which are required if the act is going to function satisfactorily under present conditions. I think that the report offers a sound basis for amendments to that act. The national conference proposed by the minister not later than 1960 offers a very sound basis for the government to take the lead to write the first dominion-provincial charter for dominion-provincial co-operation with respect to the conservation, utilization and development of our natural resources.

Before I sit down I want to say a few words with respect to the staff. We are most fortunate in the staff at present employed in the minister's department and the high standard of their academic qualifications and experience. Anyone who knows anything about the forest industry will know that they

are not receiving the salaries they should. In a company with which I am acquainted there is one forest engineer who gets almost as much salary as the deputy minister of the department. Private industry is offering much larger salaries to this type of official than is being offered by the federal government. Provincial governments are offering much larger salaries than are being offered by the federal government.

As an illustration, I may say that the premier of British Columbia went out and, unrestricted by a civil service act or other regulations which are some restriction upon the minister and other members of his government, simply offered Mr. Keenleyside $25,000 a year to come and take over a position with the British Columbia power commission. That sounds like a lot of money. However, the premier of British Columbia was smart in doing that. He picked up a first class man with great capacity, academic qualifications and great experience and secured his services for the British Columbia power commission. Unfortunately, our federal ministers cannot do the same sort of thing. They are restricted by the Civil Service Act, the treasury board, regulations and so on. I do suggest, Mr. Chairman, that if we are going to maintain the services of this type of qualified people, some of whom have given long and devoted service to this and other departments of government, and if we are going to get the best of the younger people who are coming along, then the government should give consideration to changing its salary schedules in the very near future.

It is not fair to expect men with high qualifications and experience to continue serving the government of Canada and the people of Canada for salaries which, in some cases, are about 50 per cent of what these same people could obtain with provincial governments or in private industry. I do urge, Mr. Chairman, that the government give consideration to this problem so that we can retain the excellent staff we have at the present time, and can recruit the services of the brighter young men who are coming forward to take their part in the government service of the future.

Mr. Baldwin: I should like to make a few brief comments here with regard to the statement made by the Prime Minister on June 4 regarding the appointment of the personnel of a board to inquire into and report upon the respective merits of the alternative routes which might be followed by a railway line to be built from northern Alberta, and so on. I am just reciting part of the terms of reference. I was most happy to hear of this

announcement because it seems to me that it was the only thing to do under all the complicated circumstances which surround the program. It also carried into effect suggestions which had been made by various organizations in the Peace river country.

I think I should make it crystal clear that this is not a case of an argument between two towns as to which should have a post office constructed or as to which one should get an airfield. There is a very great and considerable measure of principle involved. Are we going to open up the development of northern Canada for the benefit of a few large privileged companies, or is this development to be for the advantage of the people of Canada? This is not the time or place to argue the pros and cons of the respective alternative routes, but there is no doubt that the Canadian Pacific and Consolidated Mining and Smelting Company and two large lumber companies have come out very strongly in favour of one route, as has also the Social Credit government in Alberta, if we are to judge from the report of the provincially appointed MacGregor commission. However, the Alberta government did become alarmed at the public outcry and ultimately reversed its stand in a somewhat weak and tepid fashion. But up until slightly more than a year ago it did appear as if these people were going to have their way and cause the breach of a solemn covenant and undertaking made over 25 years ago and which led, in a large measure, to the settlement of the northern part of the lands drained by the Peace river.

Now, all this has been said before, and I am not going to labour the point. I want to make it clear that northern development must not be thought of as a one-way street down which is to flow the spoils of the north country. If we take out the capital goods of our natural resources we must replace them with something of equal value which can and should include people, settlement and industrialization, all of a permanent nature. It seems to me this would be a good place to refer to an issue which relates to my remarks and which I think is also pertinent to the item under discussion. When I was making inquiries over a year ago on this particular issue I was, to some extent, puzzled because the proponents of the eastern route seemed to feel that from the viewpoint of revenue there would be a great deal more to be expected from the McMurray route from lumber and lumber products than from the western route. My belief had been different, but I had not taken into calculation the timber from the great Wood Buffalo national park, which is one of the largest parks in

the world and lies partly in the province of Alberta and partly in the Northwest Territories.

I subsequently discovered that it was in this park that the timber resources were alleged to be. At a meeting of the mines, forests and waters committee during the last session, I asked one of the officials of the department a question—I think this was reported in the proceedings of July 7, 1958—and I received the information that there were approximately 1,200 million board feet of commercial timber and pulp along the Peace river estuary in this park. This session I put question No. 245 on the order paper to find out just what formed the legal basis for the commercial exploitation of lumber resources in this park because I always had been of the impression that the lumber and timber resources in a national park were not susceptible to commercial development on such a large scale. The answer to my question was given on April 28, and a synopsis of the answer indicates that the legal authority for the granting of the timber rights in the park lay in five orders in council made between August 1, 1955 and March 12, 1957.

My view, and I am not going to argue this here ad nauseam, is that each of these orders in council is, under the interpretation in the National Parks Act, quite invalid, and that licences should not have been granted in that way. If they were granted at all, it should have been done by means of a proper amendment to the act. The answers also show that the licences were granted to two companies named the Denney Logging Company Limited and the Swanson Lumber Company Limited. They secured timber berths for 1½ billion board feet which constitutes most of the merchantable timber in the park.

Now, very briefly, Mr. Chairman, the National Parks Act, of which I believe the pertinent section is section 4, charter 189 of the Revised Statutes of 1952, says this:

> The parks are hereby dedicated to the people of Canada for their benefit, education and enjoyment, subject to the provisions of this act and the regulations, and such parks shall be maintained and made use of so as to leave them unimpaired for the enjoyment of future generations.

Section 6 provides that the governor in council may authorize the sale, lease or other disposition of public lands within a park, for certain reasons, such as the requirement for the right of way or station grounds of any railway or the right of way of an oil or gas pipe line or any similar facilities.

The only means by which these orders in council could have been made for the purpose of granting these timber rights would be under section 7 which makes provision for the governor in council to make regulations for, and then in subsection (i), paragraph (iii) it states:

> (iii) the cutting and removal of dead or diseased timber and such green timber as may be necessary for the protection and management of forests in a park,—

My submission here is that these are limiting words "forest protection management" and there cannot be encompassed into this small space the rights which were here given to exploit commercially timber resources amounting to one and a half billion board feet purely under the limiting subsection of forest protection and management.

I am not taking exception to the proper development of that area. If and when it is necessary and is essential I think it should be done. I think it should be done but should have been done properly. I think that was a time when there should have probably have been an amendment to the act. I have here one of the orders in council. I am not going to go into all of them. They are all of a kind. This one is dated May 24, 1956 and refers to the fact that the committee of the privy council have had before them a report from the Minister of Northern Affairs and National Resources:

> That application has been made by Mr. R. B. Denney, Jr., of Healdsburg, California, U.S.A., for permission to cut timber on two parcels on both sides of the Peace river, including certain timbered islands lying between 112 degrees 00 minutes and 114 degrees 00 minutes west longitude;—

By the way I may say that I looked that up on the map and it covers an area of approximately 102 miles on both sides of the Peace river. The paragraph continues:

> —one parcel contains approximately 192 square miles and the other approximately 24 square miles, containing approximately 700 million feet board measure of mature white spruce and approximately 150 million feet board measure of mature poplar;—

Those are miniature principalities. I think there should have been an amendment to the act in order to have amputated areas to that extent from one of our national parks. I think there is further complexity to this issue because by what is known as the Alberta Natural Resources Act of 1930 the natural resources which had until then been held by Canada or by the crown in the right of Canada were transferred to the provincial government of Alberta but there was retained all the natural resources within the limits of any national park which included Wood Buffalo national park. There was appended to that statute an agreement which was ultimately signed by both Canada and Alberta and became enacted by statutes in both jurisdictions. Section 14 of that agreement says, —I will just give a digest of it—that the parks mentioned in the schedule will remain

the property of Canada and include the natural resources, which of course includes the timber. Then it goes on to say this:

—but in the event of the parliament of Canada at any time declaring that the said lands or any part thereof are no longer required for park purposes, the land, mines, minerals . . . specified in any such declaration, shall forthwith upon the making thereof belong to the province—

Very simply and briefly I may say that I think it is quite anomalous and was quite anomalous at the time, for a federal government to be concerned in the administration of the natural resources of a large area within the limits of any provincial jurisdiction. This is a problem which of course the minister inherited and it is a difficult one having in mind that there are vested interests. I think it is possibly a question where some examination might be made of this particular section and negotiations arranged with the provincial government so that if there is to be commercial development not only of timber resources but of mineral resources in that park, then it might well be in the hands of the provincial government. I do not subscribe to the beliefs of the provincial government of Alberta but I think that is a point which I am compelled to take up.

Finally, it is because of facts like these that I think it is most essential that there should be a fair, impartial, unbiased examination of the issues involved in connection with the construction of this railroad. Others have looked at the problem but I feel that none of them have been entirely free from prejudice. Fortunately at this time the composition of the present government and the known respect of the Prime Minister for the rights of the ordinary man have been factors which have led to the appointment of the Manning inquiry. I am confident that from this inquiry will come a proper appreciation of the problems which are involved in the construction of this particular development program.

May I here make some mention of the fact that the hon. member for Mackenzie River did suggest that the railroad should be commenced and should run from Grimshaw. It is, of course, a fact that is appreciated by the people in my particular constituency. But I would make this point clear. We have never asked for anything to which we are not entitled. We think that the construction of this railroad was promised many years ago. We think that it is necessary and essential for the proper development of the Canadian north. I am quite confident that the reports and briefs which will be submitted to this commission will justify my expectations.

Finally, I think that our whole scheme of northern development is in issue here and I think as a suggested theme I can do no better than quote what appeared on the frontispiece of the MacGregor report to which I have already referred. I do not need to apologize for plagiarism here; there is no copyright on this quotation. I will just put it on record:

And Moses sent them to spy out the land of Canaan, and said unto them,—

See the land, what it is; and the people that dwelleth therein, whether they be strong or weak, few or many;

And what the land is that they dwell in, whether it be good or bad; and what cities they be that they dwell in, whether in tents, or in strongholds;

And what the land is, whether it be fat or lean, whether there be wood therein, or not.

Mr. Hardie: Earlier this evening the minister, in referring to a figure I had given earlier this afternoon with regard to the rebuilding and part surfacing of sections of the Mackenzie highway to Yellowknife mentioned that the cost of hard surfacing the road on the Alberta side would be $70 million. I am sure the minister would want to correct that statement. I am sure he realized that this means over a quarter of a million dollars a mile.

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman. This was a formal application from the government of Alberta and included the route from Grimshaw to the northwest territories which is nearly 400 miles and the figure they quoted for rebuilding and resurfacing was $70 million.

Mr. Caron: Mr. Chairman, like any other member, when I wanted to enquire whether the federal government was participating in the building of a bridge in a city I thought the question was to be asked of the Minister of Public Works. Hence on March 4 I asked if he could tell me whether the bridge at Prince Albert is to be paid for entirely by the federal government or whether the provincial government is paying part of the cost. At that time, as reported at page 1595 of *Hansard,* Mr. Speaker said this:

If the minister is able to answer without notice he may do so, but this is a question which should more properly be put on the order paper, as it asks for statistical information.

I therefore came along later and put on the order paper a starred question. On March 11, as found at page 1829 of *Hansard,* I was astonished to hear the Minister of Northern Affairs and National Resources tell me this in answer to my question. The question was this:

1. Has the federal government built, agreed to build or made any contribution to the cost of building a bridge across the Saskatchewan river in the city of Prince Albert?

2. If so, what proportion of the cost of the said bridge will be paid or has been paid for by the federal government?

Then the minister of northern affairs answered and this is where I was astounded. Instead of having the answer from the Minister of Public Works I received the answer from the minister of northern affairs. He said:

1. Yes; under the roads to resources program.
2. Fifty per cent up to a maximum of $1,250,000.

At that time I was so surprised I could not go any further with my question. But on March 12, 1959, at page 1864 and page 1865 of *Hansard*, I came back to the question. I said:

Mr. Speaker, may I direct a question to the Minister of Northern Affairs and National Resources. In answer to a question of mine yesterday with regard to the Prince Albert bridge over the Saskatchewan river, the minister said it was built under the roads to resources program. Does that mean what are generally called access roads?

Then the minister answered:

The roads to resources program, Mr. Speaker, has been explained in the house on several occasions. It covers the roads we are building in agreement with nine of the provinces—

That excepts Quebec.

—to open to new resource areas in these various provinces.

Then I came back:

A supplementary question. Are there any roads within or immediately outside Prince Albert in that program? What I mean is, in the program of roads are there any within the city of Prince Albert or in the immediate vicinity?

Then the minister answered:

Mr. Speaker, the main project in the agreement in the province of Saskatchewan is a road to Uranium City, of which the southern terminus is Prince Albert.

Then I came back with another question:

Does that road at the present time go any further than Lac la Ronge, which is 150 miles from the city of Prince Albert?

Then the minister answered:

I cannot give the house the exact mileage that the road has gone beyond Lac la Ronge, but I would say 30 or 40 miles at least. When the road is finished it will go 550 miles beyond.

Then the member for Burnaby-Coquitlam asked a question:

Might I ask the minister a further supplementary question? Is it not a fact that the only new road being built is from Lac la Ronge northward and that Lac la Ronge is some 150 miles away from the city of Prince Albert? Therefore the bridge is not anywhere near this road the minister mentioned?

The minister answered:

I can inform the hon. member that there are several roads in this program in the province of Saskatchewan.

As the minister answered that, I was wondering if I was making a great mistake in speaking of access roads or the roads to resources program. I find that in the estimates the explanation is given like this. When we speak of access roads we mean establishing forest access roads and trails for the attainment of adequate fire protection as well as other aspects of forest management. I have looked at the description given to roads to resources in accordance with the agreement, and it says:

Contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces.

As you can see, Mr. Chairman, I am not opposed to the federal government participating in building a bridge in a city, or between two cities or between two provinces. This has been done before and it will be done in the future. What I am opposed to is the fact that when members of parliament think of a bridge in a city or around a city or between two provinces we never think for a moment that we will have to go and look in the estimates of the minister of northern affairs, except if the bridge is built under a roads to resources program or under access roads.

We find now that this bridge being built in the city of Prince Albert has been contributed to 50 per cent by the Department of Northern Affairs and National Resources, and we can find on the map that Lac la Ronge is at least 150 miles away from the city of Prince Albert. The road which goes straight to Lac la Ronge is one of the main roads of the province of Saskatchewan. It starts in the United States and goes straight to La Ronge on the border of Lac la Ronge, and then goes northwards to Uranium City. They are roads to resources started both by the federal government and the government of Saskatchewan. How is it possible, then, that the federal government should take the money from the department of northern affairs to build a bridge in a city? Was it a case of an apple for the teacher so that the good graces of the Prime Minister should fall upon the head and shoulders of the minister of northern affairs, or was it a case of an order given by the Prime Minister who wanted a contribution to the bridge in the city of Prince Albert? In the two cases I think the way it was presented is a case of false representation. It should have come from the Department of Public Works if it was within a city, particularly as the bridge was 150 miles away from the nearest road to resources.

If we went on in that way every member in this house could come and ask the minister of northern affairs to build bridges in their constituencies. I have a mine two miles away from Hull, so I could ask the minister to build an interprovincial bridge contributed one-quarter by the provincial government of

Ontario, one-quarter by the provincial government of Quebec, and then it will be the very same principle. The only difference would be the cost of the bridge. I do not understand why the minister should try to hide this thing from the members of the house.

Mr. Winch: Mr. Chairman, I rise on a point of order. Would the chairman call it ten o'clock?

Mr. Green: Mr. Chairman, I hesitate to make this request this evening, but I would point out that we are still very hopeful that it will be possible to end the session a week from tomorrow, and it helps a great deal if we can spend the extra hour in the evenings. Of course we are in the hands of the hon. members in the house, but I put this forward as a suggestion and it might make all the difference if we go on for another hour this evening. We are hoping to get through the estimates of one or two other departments tomorrow, but if we only get the estimates of northern affairs and national resources through this week and the others pile up, then it would be extremely difficult, probably, to finish the session by the end of next week, and then once we break into a new week that probably means a second full week. Therefore I make this appeal to hon. members that nobody is going to be very seriously prejudiced if we should consider and discuss these estimates for, say, another hour this evening.

Mr. Caron: Mr. Chairman, I want to say to the minister that there are still eight departments to be studied, and there are still a few speakers who want to speak on this matter, and even if we wanted to we could not finish the first item tonight. Even if we wanted to close on July 18, it would be impossible with eight departments to go—especially when one considers that there are still outstanding the estimates of the Minister of Finance who has a marked talent for extending discussions—and in view of the legislation.

Mr. Winch: We have regulations governing the hours of the sitting of the House of Commons. Last night we broke those rules and we are doing it again now. We would like to know what is the target of the government. What is the procedure to be? What is the government working toward? We have been here for six or seven months. Most of us in this group are from western Canada and would like to go home but, like the house leader, we will stay here as long as there is business of parliament requiring attention. Is there any understanding about the closing date? What is the target? We will co-operate right down the line but we want some understanding.

Mr. Green: As the hon. member knows, the government is not in a position to say when the house will be prorogued. This is almost entirely in the hands of the opposition, as I know myself from long experience on the other side. The rules of the house say that the sittings should end at ten o'clock. Mind you, it would always be possible for the government to bring in a motion changing the hours of sitting but we have no intention of doing that.

As I pointed out last week, we had hoped that the session would end by a week from tomorrow. It is with this thought in mind that I took the liberty this evening of asking the committee to carry on until, let us say, eleven o'clock, with these estimates. There is no agreement to be enforced. This is entirely in the judgment of hon. members themselves. That has been the case each evening when the house has sat beyond the normal closing hour of ten o'clock. If hon. members of the C.C.F. do not want to stay beyond ten o'clock, certainly there is no intention of forcing them to do so. If we wished to force them it would be quite impossible to do so.

Mr. Herridge: How would it be if we agreed to adjourn now and the whips could come to some arrangement tomorrow? I think we could reach a mutually satisfactory agreement concerning the best use of our time.

Mr. Pickersgill: I agree that the suggestion made by the hon. member who has just taken his seat is a sensible one. There does not appear to be a disposition to continue this evening. I think if those who usually work out the business would try to get together and achieve an understanding for next week that would be an understanding that would be adhered to, that would be the best thing. We should abide by the rules today.

Resolutions adopted in committee of supply this day, reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I presume the business that was indicated last evening will be the business for tomorrow but could the leader of the house give us some indication for at least Monday and Tuesday of next week.

Mr. Green: Mr. Speaker, the intention is to commence on Monday with item No. 12, the resolution concerning additional grants to Newfoundland; then item No. 1, further

consideration of the farm loan credit bill; then item No. 11, the international wheat agreement; then item No. 9, the convention on the nationality of married women. I have been under some pressure from the Minister of Citizenship and Immigration during the last few minutes. We then propose taking item No. 4, dealing with an agreement between the government of Canada and the government of New Brunswick concerning Indians; then item No. 7, a similar agreement with the province of Nova Scotia, then item No. 6, an amendment to the Public Lands Grant Act.

We will continue with this program on Tuesday. I would hope that the bill concerning Newfoundland grants could be considered on Tuesday. There is also a bill coming on the order paper dealing with humane slaughter which I think is based on the recommendations of the agriculture committee. We will probably take that on Tuesday. I do not think it could be taken on Monday except by consent. There are other odds and ends but we are hopeful of finishing this legislation by Tuesday night.

Mr. Pickersgill: I take it that the combines legislation will not be proceeded with on Monday or Tuesday?

Mr. Green: No, it would have to be taken later in the week because the Minister of Justice is away in connection with the royal visit.

Mr. Winch: Is the target for prorogation the 18th or the 27th of this month? Quite honestly, what do you think we can do if everybody is honest, does not talk too much, and if there is not too much repetition?

Mr. Green: I think we could finish tomorrow night under those circumstances, Mr. Speaker.

Mr. Winch: In view of the estimates and legislation outstanding, what is the minister's considered opinion as to the target date for prorogation if he has the co-operation of the opposition?

Mr. Green: The target would be a week from tomorrow; that would be July 18.

Mr. Badanai: May I ask the house leader whether he can tell the house if it is the intention of the government to bring in amendments to the board of grain commissioners act?

Mr. Green: No, I have heard of no such amendments.

At 10.12 p.m. the house adjourned, without question put, pursuant to standing order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

CAMP GAGETOWN, N.B.—FEDERAL EXPENDITURES

Question No. 471—**Mr. Robichaud:**

Since work has been initiated on the construction of Camp Gagetown in New Brunswick, what has been the amount spent by the federal government in each of the fiscal years, including the year ending March 31, 1959?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

Fiscal year	Expenditure
1952-53	$ 2,447,490
1953-54	6,363,864
1954-55	13,548,121
1955-56	30,638,947
1956-57	25,742,720
1957-58	16,346,431
1958-59	8,137,485

CUSTOMS HOUSE, CORNWALL HIGH LEVEL BRIDGE AREA

Question No. 510—**Mr. Argue:**

1. Has a customs house been erected within the last five years on ground adjacent to the Cornwall high level bridge? If so, on what date?
2. Were test borings of soil conditions taken prior to erection?
3. If so, (a) on what date; (b) by whom, and what were his qualifications?
4. Were reports made regarding the condition of the soil?
5. If so, (a) on what dates; (b) what was their nature; (c) who signed each?
6. Were the original plans of the customs house altered to suit the soil conditions?
7. If so, (a) what changes were made; (b) why were they necessitated?

Answer by: **Hon. Howard C. Green (Minister of Public Works):**

1. Yes. The building was occupied by the customs and excise division on November 29, 1958.

2. A test pit was dug indicating the soil conditions prior to the commencement of the contract.

3. (a) July, 1957.

(b) The St. Lawrence seaway authority engineering staff.

4. A report on the anticipated soil conditions was included with the site information received from the St. Lawrence seaway authority.

5. (a) July, 1957.

(b) Information indicated that the normal spread foundations would be satisfactory.

(c) The information was given by seaway authority engineers at Cornwall.

6. Yes, in part.

7. (a) The foundation was redesigned to permit the use of piles and the basement was eliminated; the building was also relocated.

(b) To provide a higher bearing capacity and to relocate the building further away from the existing Indian reserve roadway.

[The following items were passed in committee of supply]:

DEPARTMENT OF VETERANS AFFAIRS

448. Departmental administration, $2,437,352.

449. District services—administration, $3,271,281.

450. Veterans' welfare services (including the former veterans insurance branch), $3,540,739.

Treatment services—

451. Operation of hospitals and administration, including authority for payments, during the current and subsequent fiscal years, to canteen funds of departmental hospitals in amounts equal to the amounts of commissions received by or on behalf of Her Majesty from pay telephones in such hospitals, $46,264,751.

452. Medical research and education, $350,000.

453. Hospital construction, improvements, equipment and acquisition of land, $4,811,370.

454. Prosthetic services—supply, manufacture and administration, $1,211,245.

455. Veterans' bureau, $625,296.

456. War veterans allowance board—administration, $155,974.

War veterans allowances and other benefits—

457. War veterans allowances, $59,785,000.

458. Assistance fund (war veterans allowances), $2,550,000.

459. Treatment and other allowances, $2,850,000.

Miscellaneous payments—

460. Payments to the Last Post fund; the payment under regulations of funeral and cemetery charges, including the perpetual care of graves where applicable; the cost and erection of headstones in Canada; the maintenance of departmental cemeteries; the maintenance of Canadian battlefields memorials in France and Belgium; Canada's share of the expenditures of the imperial war graves commission; and production of Books of Remembrance, $1,527,800.

461. Grant to army benevolent fund, $8000.

462. Grant to Canadian legion, $9,000.

Canadian pension commission—

463. Administration expenses, $2,593,195.

464. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order, P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act; and including Newfoundland special awards, $151,474,000.

465. Gallantry awards—world war II and special force, $21,000.

Soldier Settlement and Veterans' Land Act—

466. Administration of Veterans' Land Act; soldier settlement and British family settlement, $5,152,331.

467. Upkeep of property, Veterans' Land Act, including engineering and other investigational planning expenses that do not add tangible value to real property; taxes, insurance and maintenance of public utilities, $55,900.

468. Grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 38 of the Veterans' Land Act and grants to veterans settled on Dominion lands in accordance with an agreement with the Minister of Northern Affairs and National Resources under section 38 of the Veterans' Land Act, $190,000.

469. Grants to Indian veterans settled on Indian reserve lands under section 39 of the Veterans' Land Act, $75,000.

470. Reduction of indebtedness to the director of soldier settlement of a settler in respect of a property in his possession, the title of which is held by the director, or such soldier settler loans which are administered by the Indian affairs branch of the Department of Citizenship and Immigration, by an amount which will reduce his indebtedness to an amount in keeping with the productive capacity of the property or his ability to repay his indebtedness under regulations approved by the governor in council, $1,500.

471. To authorize, subject to the approval of the governor in council, necessary remedial work on properties constructed under individual firm price contracts and sold under the Veterans' Land Act and to correct defects for which neither the veteran nor the contractor can be held financially responsible; and for such other work on other properties as may be required to protect the interest of the director therein, $11,850.

Terminable services—

472. Veterans benefits, including assistance and the training of certain pensioners under regulations approved by the governor in council, $767,900.

473. Repayment in such amounts as the Minister of Veterans Affairs determines, not exceeding the whole of an amount equivalent to the compensating adjustment made under subsection (1) of section 13 of the War Service Grants Act or the payment made pursuant to paragraph (c) of subsection (2) of section 12 of the Veterans Rehabilitation Act, where the person who made the compensating adjustment or payment does not receive benefits under the Veterans' Land Act or where, having had financial assistance under that act, he is deemed by the minister on termination of his contract or agreement under that act to have derived thereunder either no benefit or a benefit that is less than the amount of the compensating adjustment or payment made, $225,000.

Soldier Settlement and Veterans' Land Act—

487. Protection of security—soldier settlement, and refunds of surplus to veterans, $4,550.

488. Purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and protection of security under the Veterans' Land Act, $15,687,465.

Treatment services—

600. Operation of hospitals and administration—further amount required, $116,978.

601. Hospital construction, improvements, equipment and acquisition of land—further amount required, $810,000.

602. Prosthetic services—supply, manufacture and administration—further amount required, $50,000.

Miscellaneous payments—

603. Grant to army benevolent fund—further amount required, $10,000.

609. Advance to the working capital fund of the imperial war graves commission in the amount of £10,000 notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of May, 1959, which is, $27,065.

Soldier Settlement and Veterans' Land Act—

610. Purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; and protection of security under the Veterans' Land Act—further amount required, $12,937,500.

HOUSE OF COMMONS

Saturday, July 11, 1959

The house met at 11 a.m.

ST. LAWRENCE SEAWAY

WELLAND CANAL—REPORTED INTENTION TO DUPLICATE LOCKS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct a question to the Minister of Transport. Will he be good enough to comment on the statement made in a news broadcast last night to the effect that according to plans in his department the locks of the Welland canal will be duplicated at a cost of $150 million?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, there is nothing at all in the statement. I was asked by the hon. member for Assiniboia yesterday if we had started studies regarding the need in the future for twinning the Welland canal locks, and I said that such a study had been started some time ago. I think the hon. member, having been the minister of this department, will agree that long range studies well in advance of any possibility are the sensible thing to do for a person in my position.

NORTHLAND NAVIGATION COMPANY

USE OF SUBVENTION PAYMENTS—STATEMENT ON BARGAINING AGENT BALLOT

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Transport. Is the minister able to assure the house that no portion of the $294,500 subvention which is payable to the Northland Navigation Company is being used to finance the activities of gangsters and racketeers in their attempt to destroy a legitimate and responsible union which is the certified bargaining agent for certain employees of that company?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker.

[*Later:*]

Hon. Michael Starr (Minister of Labour): Yesterday the hon. member for Essex East directed a question to me. He asked whether the chief executive officer of the labour relations board advised that a ballot would be permitted in connection with the bargaining agents of the Northland Navigation Company engineers, and whether that commitment was later reversed.

I have checked this matter with the department and the answer is no.

CANADIAN CENTENNIAL

REQUEST FOR STATEMENT ON CELEBRATION PLANS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Prime Minister. I wonder whether the Prime Minister can bring the house up to date on the plans of the government for the celebration of the Canadian centennial, and whether any consideration is being given to the recommendation of the Canada Council that a national theatre should be constructed. I am certain that Canadians are interested in the very important plans that the government no doubt has under consideration.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not at all sure that this is a proper question for the orders of the day. However, I realize the great importance of preparations being made for the celebration of Canada's centennial. Some months ago I referred to the question at length, for I believe that Canadians as a whole will expect that on the occasion of the celebration of the 100th anniversary of Canada's nationhood, the necessary plans in keeping with the importance of that occasion should be made far in advance. In so far as detailed consideration is concerned, there has been none as yet. There have been preliminary discussions and also a general review of the problems that must necessarily be considered in making those preparations which will assure that proper celebrations will be achieved.

In so far as the national theatre is concerned there have been suggestions in the past, and those suggestions have met with general approbation in the house, that artistic considerations and our national destiny demand that the fullest comprehension of Canada's artistic past as well as assurances for the future should be a matter of serious deliberation on the part of every level of government. I realize that there has been a suggestion—the hon. gentleman called it a recommendation—from the Canada Council, and that would be one of those matters which would be deserving of the most serious consideration on the part of the committees to be set up and those whose responsibility it will be to assure that the centenary celebration shall be in keeping with Canada's destiny.

Hon. L. B. Pearson (Leader of the Opposition): In view of the fact that these preparations will not likely become active for about three years or so, may I assure the Prime Minister that at that time we will be glad to associate the opposition with the full preparations.

Mr. Diefenbaker: I must say that I think Canadians as a whole would want to be so associated, and I know the hon. gentleman would not want to be left out.

HARBOURS

SAINT JOHN, N.B.—REPORTED WRECKAGE OF PILOT BOAT

On the orders of the day:

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Transport. I must apologize for not having given him notice of my intention to ask the question, but he may take this as notice. My question arises out of a telegram which was handed to me yesterday, and with your permission I should like to quote two sentences:

> The Evening *Times-Globe*, Saint John, N.B., July 4, 1959, reports: "Word from Ottawa was still being awaited here this morning as to what action will be taken regarding a harbour bump which might be the wreckage of the pilot boat sunk with all seven hands in the harbour approaches in 1957".
>
> Since none of the bodies have been recovered there is strong possibility they were trapped inside the boat which lies only 18 feet below water mark on the land side of the fairway buoy as reported by the survey team from the federal department of lands and mines.
>
> My brother pilot William J. Murray lost his life in that ship—

Mr. Speaker: Order. The hon. member is laying a very long factual background. Can he come to the point? I understand he is referring to a matter that happened in 1957.

Mr. Brassard (Lapointe): Yes. My question is this. Will the Minister of Transport tell the house if any action is planned in this connection?

Hon. George H. Hees (Minister of Transport): The hon. member spoke to me about this matter yesterday. I can assure him that we will investigate this matter and see what information we can obtain.

SHIPPING

BRITISH COLUMBIA—PROVISION OF SERVICE TO UP-COAST COMMUNITIES

On the orders of the day:

Hon. Paul Martin (Essex East): Can my hon. friend the Minister of Labour tell us what steps have been taken, if any, by the government to provide supplies for people in the up-coast communities, in view of the situation which is very serious at the moment, I understand.

Hon. Michael Starr (Minister of Labour): This matter does not come under my department.

Mr. Martin (Essex East): No, but since the Minister of Labour is concerned with it and since, as a result of the strike there is human suffering, perhaps the minister could tell us what steps have been taken by the government to provide supplies for the people who obviously need them.

Mr. Starr: Probably my colleague the Minister of Transport would be able to give that information.

Hon. George H. Hees (Minister of Transport): I wonder whether the hon. member would be good enough to pose the question again. I was jotting down some notes about the last one that was asked and I am afraid I am one question behind.

Mr. Martin (Essex East): As a result of the strike at the Northland Navigation Company there is, we are advised—and as undoubtedly the minister has been advised—great discomfort because of the lack of supplies. My question which was addressed to the Minister of Labour and is now addressed to the Minister of Transport is this, what steps has the government taken or does the government propose to take to relieve this situation?

Mr. Hees: I immediately got in touch with the chairman of the maritime commission as soon as the strike went into effect. He is investigating all possibilities of supplying vitally needed supplies to isolated communities in British Columbia. I expect to be able to report further on that matter early next week when the chairman of the maritime commission has reported to me what he has been able to do.

Mr. Frank Howard (Skeena): I have a supplementary question. May I ask the Minister of Transport when it was that he discussed this matter with the chairman of the maritime commission? Just the other day I asked him precisely the same question and he said the government was making no effort to deal with the situation.

Mr. Hees: I took it from the original question posed to me by the hon. member for Skeena that he expected us to engage in strikebreaking activities. That never is the intention of this government, as I thought he would know. Certainly I would have told him if he had taken the trouble to see me about if after the sitting, if he was worried

about it, or before, he would have realized that this government, which is always interested in and vitally concerned with the welfare of Canadians, would naturally take all steps to see that human suffering is alleviated to the greatest possible degree.

Mr. Pickersgill: The little people.

Mr. Howard: I appreciate all the applause following the minister's remarks, but he did not answer my question and I rise on a point of order. I would request the minister to withdraw his charge that I was suggesting that they had engaged in strike-breaking activities.

Mr. Hees: Mr. Speaker, it was my firm impression from the way the hon. member asked his question that day that that was what he was suggesting. I am saying that was my impression, and I am entitled to form an impression from what any hon. member of this house says.

Mr. Howard: Mr. Speaker, may I go further with my point of order and clear up that erroneous impression.

Mr. McIlraith: Mr. Speaker—

Mr. Speaker: I fail to see a point of order there. Does the hon. member for Ottawa West wish to say anything on the point?

Mr. McIlraith: The only point I want to draw to Your Honour's attention is that the minister's answer undoubtedly contained gratuitous references, which I submit is contrary to the rules as they appear in the fourth edition of Beauchesne at page 153.

Mr. Speaker: That is quite another point of order. It is true that the minister did range beyond the question. In fact I do not think he came to the question.

CANADA SHIPPING ACT—INQUIRY AS TO CONSULTATIONS WITH U.S. ON PILOTAGE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Transport. Can the minister indicate at what level and with what United States departments any discussions on pilotage are taking place and whether the tenor of these discussions indicates any firm legislative possibilities in this field for the next session of this house?

Hon. George H. Hees (Minister of Transport): The hon. member asked me a similar question a few days ago, at which time I told him I did not have any further report. That answer still stands.

Mr. Fisher: I should like to know whether the minister is working through the department of the Secretary of State or whether he is working directly with the coastguard which we realize is involved in this deal, and how high up in the United States echelon he is working with them, so we can get some indication whether there will be a likelihood of success in these negotiations.

Mr. Hees: As I think the hon. member knows, this matter is handled both by the Department of Commerce and by the coastguard in the United States. We are in close touch with both of them and are working closely with both departments.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask a supplementary question arising out of the question asked by the hon. member for Port Arthur. Has the minister seen the reports in the press to the effect that there is now before congress an amendment to the bill dealing with pilotage in which it is suggested that a pilotage board be established by the United States congress, and that that board enter into an agreement with Canada on the subject of pilotage on the great lakes?

Mr. Hees: I have not seen that particular report, Mr. Speaker, but I am very glad such a report has appeared, because it is following along the lines of my discussions with the United States authorities when I went to Washington, and it shows that the trip was worth while. I think we are drawing toward the conclusion at which this government had hoped to arrive.

NATIONAL DEFENCE

ROYAL CANADIAN NAVY—REPORTED STATEMENT BY U.S. ADMIRAL

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of National Defence arising out of a statement in this morning's press in which Rear Admiral Thach, of the United States navy, is reported to have said that Canada should not build nuclear subs until she has built a more diversified navy, and that at a later stage it would be a good idea for Canada to build nuclear subs. Can the minister say whether this statement was made after consultation with him or his department, and is this the view of the Canadian government? If it is not, does the minister not agree that it would be more appropriate for statements regarding Canada's naval policy to be made by our own distinguished Minister of National Defence?

Hon. G. R. Pearkes (Minister of National Defence): The statement was not made after consultation with the Canadian government, and the matter of whether or not Canada

adopts nuclear submarines is under very careful consideration. As has been said in this house a great many times, nuclear submarines are very expensive weapons, and we are not going to commit ourselves to the purchase of these weapons until we have obtained all the information that there is available on this matter. The opinion which was expressed was that attributed to a United States admiral who is visiting this country.

DOMINION-PROVINCIAL CONFERENCE

INQUIRY AS TO CALLING OF CONFERENCE ON FISCAL MATTERS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I wonder if on this quiet, pleasant morning the Minister of Finance would not take offence if I asked him a question. Is it a fact that when he asked for a conference between the different levels of government on the matter of dominion-provincial fiscal relations, the premier of Manitoba also asked at the recent meetings in Ottawa for an interim payment; and if that was requested, can the Minister of Finance indicate to the house what kind of reply the government of which he is a distinguished member permitted him to make?

Hon. Donald M. Fleming (Minister of Finance): Replying in kind to this unusually inoffensive inquiry, I may say I do not quite know what the hon. gentleman refers to when he said I asked for a two-level conference, or two types of conferences. I must be very wary of these inoffensive questions of his.

Mr. Martin (Essex East): I can fully appreciate that the hon. gentleman's preoccupations are so heavy that he finds it difficult at the moment to understand a very simple question. The question I asked him was this. What reply did the hon. gentleman give to Premier Roblin who, when he asked for a full-fledged dominion-provincial conference, associated with that request a further request for an interim payment from the federal government to the province?

Mr. Fleming (Eglinton): In answer to that now simplified interrogation may I say that the purpose of the several provinces which sought a plenary, negotiating dominion-provincial conference to obtain a variation in the terms of the existing agreements entered into in pursuance of the Federal-Provincial Tax-Sharing Arrangements Act in order to derive larger sums under the terms of the agreements and the legislation. That was the purpose which was associated with the request for the calling of a plenary conference, and it was to these proposals that I indicated in reply, as I have told the house and the hon. gentleman on several occasions, that obviously if that were the purpose there would be little point in calling such a conference unless the federal government was in a position to comply in some measure with the request for that kind of variation in the terms of the agreements.

Mr. Martin (Essex East): I will have to read what the hon. gentleman has said in such a complicated way with regard to such a simple question. May I ask him another question. Is it a fact that his seminar or study group has decided not to hold any sessions during the hot weather?

Mr. Fleming (Eglinton): The weather is never hot for the government. I can imagine, looking at the hon. gentleman, that the weather has been hot for him for a long time. I am not aware of what he has in mind in talking about a seminar or a study group. If I were organizing such a thing I can assure him he would be one of the first I would nominate to enjoy the benefits of that kind of instruction.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—REFERENCE TO STATEMENT ON PAYMENTS BY FEDERAL TREASURY

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of Finance a factual question.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Could the minister explain how it happens that the estimate of the payments to the province of Quebec under the tax-sharing arrangements act which he gave yesterday are almost precisely $8 million higher than the estimates printed in the blue book?

Hon. Donald M. Fleming (Minister of Finance): It is refreshing, for a change, to be asked what the hon. member calls a factual question, particularly after the type of question we have been listening to by the hon. gentleman from Essex East.

The hon. member for Bonavista-Twillingate asked a question on this subject yesterday, which will be found at page 5779 of *Hansard*, pertaining to the table of payments for the province of Quebec which I put on the record yesterday. His question asked for a comparison of the basis of those figures with respect to that one province with those given in the table which I placed on record in the budget speech as reported at page 2410 of *Hansard* of April 9.

I would say, Mr. Speaker, that the table on page 2410 was based upon the blue book

of estimates which, as hon. members will appreciate, was prepared last autumn. The figures I gave yesterday were a projection of the budget estimates of revenue for the current fiscal year.

Mr. Pickersgill: Mr. Speaker, I would now like to ask the minister a question which is not so factual. In view of the obvious reflection of buoyant revenues evidenced by this increase, does the minister not think the time has now arrived for the government to reach the conclusion that it should have a plenary conference?

Mr. Fleming (Eglinton): Mr. Speaker, I thought I had made it clear on earlier occasions, at least to all other hon. members of the house, that the budget estimate, which included our forecast of the gross national product and our revenues, was based upon the considerations, including the expansion of the economy, that we found when the budget was submitted to the house on April 9. There had been a considerable change in conditions since the previous autumn, and those matters were largely taken into account in the anticipations for the current fiscal year, based upon the expansion of the economy that had already taken place up to April 9 and which we were then quite confident would continue at an increasing tempo. The expansion which has taken place in the economy since that time at an extraordinary rate had been largely foreseen then and had entered into our budget calculations.

Mr. Pickersgill: A further supplementary question. Does the minister still expect a substantial deficit?

Mr. Speaker: Order. I think hon. members should bear in mind that the estimates of the Department of Finance are still to be dealt with. There will be ample opportunity to debate federal-provincial relations at that time.

Mr. Martin (Essex East): The minister's reply was too long, in any event.

INQUIRY FOR RETURNS

CHIPPEWA INDIAN RESERVE, SARNIA—LAND DISPOSAL—SALE OF LAND

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Is the hon. lady yet in a position to table a return respecting the Chippewa Indian reserve at Sarnia?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, I am sorry to say I did not get a report of the progress being made yesterday and, of course, as the hon. member knows, the staff is not working today, but I shall inquire into it the first thing Monday.

BUSINESS OF THE HOUSE

BILL OF RIGHTS—HUMANE SLAUGHTER OF FOOD ANIMALS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the fairly definite indication which was given last evening by the house leader that he hopes prorogation will take place on July 18, may I ask the Prime Minister when we might expect the introduction of the bill of rights, if it is to be introduced this session?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I hope that on Monday there will be a full statement of the legislative program for the rest of the session. I must say that I trust that program, while receiving the fullest attention, will achieve the hope expressed by the house leader.

Mr. G. J. McIlraith (Ottawa West): I should like to raise for the Prime Minister's attention a matter concerning the business of the house. He will find in last night's *Hansard* it was indicated that the bill dealing with the humane slaughter of food animals probably would be taken up on Tuesday. I see it is indicated in *Votes and Proceedings* this morning that first reading would be moved on Monday. Would the Prime Minister consider asking unanimous consent to give first reading today so the bill could be made available to members by Monday morning? It would mean there would be an opportunity to see the bill a day before it was dealt with.

Mr. Diefenbaker: I think the suggestion is a very good one. This matter is one that has received the consideration of a committee, and the bill to be submitted I believe embodies the general recommendations made as a result of the deliberations of that committee. The suggestion is a good one and I would accordingly accede to it and suggest to Your Honour that, by leave of the house, this course be followed.

Mr. Speaker: By unanimous consent the Prime Minister, for the Minister of Agriculture (Mr. Harkness) asks for leave to introduce a bill which is contained in *Votes and Proceedings* of July 10 as a notice of motion. The bill is entitled "An act to provide for the humane slaughter of food animals". Does the house agree to the suggestion?

Some hon. Members: Agreed.

LIVESTOCK

LEGISLATION TO PROVIDE FOR THE HUMANE SLAUGHTER OF FOOD ANIMALS

Right Hon. J. G. Diefenbaker (for the Minister of Agriculture) moved for leave to introduce Bill No. C-71, to provide for the humane slaughter of food animals.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

261. Departmental administration, $866,273.

The Deputy Chairman: This item will be found on page 54 of the blue book, and the details are on page 362.

Mr. Caron: Mr. Chairman, when the clock struck ten last night I was dealing with the bridge which is being built over the Saskatchewan river in the city of Prince Albert, under the vote having to do with roads to resources. The city of Prince Albert is 150 miles away from the nearest resource road in the province of Saskatchewan. When I look at the explanation in the estimates book this is the kind of explanation I get: "Contributions to the provinces to assist in the development of roads leading to resources". I wonder how it could happen that the minister could say that Prince Albert is the southern terminus of this road leading to Uranium City or lake Athabasca. I think it is a way to divert the attention of members of the house.

I wonder why they took this means of providing for the building of this bridge under the roads to resources program. Any member who wants to know if a bridge is being built within a city or between two cities or between two provinces would never resort to the estimates of the northern affairs department to find that out. He would go straight to the Minister of Public Works. As I said last night, I do not object to the idea of the federal government participating in the construction of bridges, because it has been done in the past and will be done in the future. What I object to is the fact that this is being done by a department which is not supposed to act in this way. What I object to is the fact that when we vote certain moneys to help a certain department they take those moneys and use them somewhere else.

[Mr. Speaker.]

I do not know, as I said, if this was done by the minister just to be in the Prime Minister's good graces or if it is a fact that the master ordered the serf to act accordingly. But one thing I do know is that if the former prime minister, Mr. St. Laurent, had asked Mr. Lesage to build a bridge in the city of Quebec on the ground that it was the terminus of a road to the resources in Ungava, where there is iron ore, the present Prime Minister would have been the first one to protest against such action and the Minister of Northern Affairs and National Resources would have protested because Mr. St. Laurent had so asked or ordered.

I want to know today why the Minister of Northern Affairs and National Resources had to go through this strategy to cover up something which should have been handled openly through the Department of Public Works. Nobody in Canada will believe that Prince Albert is the terminus for a resources road to Uranium City. I also want to know if this is a new way by which the government can show political favouritism in the riding of the Prime Minister, by taking money from a department from which it should not be taken and spending it there to please the electors of that one riding. I do not believe that the Prime Minister of this country should have special privileges. I think he should be the last to ask for special privileges, and if the minister adopted this strategy just to please the Prime Minister then in my opinion he has not measured up to the high responsibilities he has in the government.

The minister should be man enough to resist the demands of the Prime Minister if they are not according to the rules and practices of the house. I want the minister to explain to members of the house and to the people generally why he has had recourse to such a means in order to try to cover up political favouritism for the Prime Minister of this country.

Mr. McQuillan: Mr. Chairman, I could not quite understand the argument last night between the Leader of the Opposition and the Minister of Northern Affairs and National Resources over permits, exploration leases and so on in the northern Arctic, because anyone who knows anything about the situation knows that the next great oil development could well be along the British Columbia coast. I have given a good deal of study to the program of the government for the development of the north. I think in most respects it is a very sound program. The development is pointed at the Mackenzie river valley which, as is well known, is probably the area of the north country with the most resources.

Sometimes I rather wish that a little more consideration with respect to development of resources would be given to the resources south of the 60th parallel. By far the greatest proportion of our undeveloped resources still lie south of the 60th parallel. I would be most happy if greater consideration could be given to the program of roads to resources in co-operation with the provinces. I have spoken before about what I think is a well merited roads to resources development in the northern section of Vancouver island, but I suppose because that is getting down toward the 49th parallel, and because it is along the coastal area, that project has not seemed to be considered worthy.

I was quite interested in the remarks of the hon. member for Kootenay West with regard to the report on forestry made by the standing committee on mines, forests and waters. Having been a member of that committee, having attended most of the meetings, and having contributed somewhat to the preparation of the report, I was pleased that he approved of it. Of course that is only natural when you stop to realize that in the house he is considered to be the C.C.F. representative of the forest industries, and many people consider me as one who represents the British Columbia forest industry particularly. Therefore two capitalistic minds are bound to think the same.

I hope many of the recommendations in the report will be effected. I think they are sound recommendations. They are not new and have been made for years and years by most forestry and forest industry associations across Canada. By and large they are all very sound recommendations.

Mr. Fisher: I wonder whether I could ask the hon. member a question. This is most unusual, but is this British Columbia member admitting that places other than British Columbia have made some good suggestions with respect to forestry?

Mr. McQuillan: Mr. Chairman, I think the hon. member for Kootenay West was complaining last night about his colleague muttering about him being parochially minded. I certainly am not parochially minded with regard to the forest industry and the forest problems of Canada. One of the recommendations has to do with the forest access roads program in co-operation with the provinces, which has been very well received. The committee recommended that the program be extended from eight months to twelve months, with a lesser share contributed by the federal government toward labour costs in the summer months; 40 per cent, I believe, and 60 per cent in the winter months. One of the reasons for this recommendation is that in a great many parts of Canada, particularly British Columbia, it is almost impossible to build forest access roads in the winter. For that reason I heartily approve of that recommendation.

I should like to speak for a few minutes about the Columbia river. I have attempted in the past to get some figures from the department concerning the possible volume of timber that would have to be removed in the event that they proceed with the power development. I may be making a wild guess, but I know that country very well and in years gone by I have cruised timber there, and I would think there is perhaps somewhere in the neighbourhood of half a billion feet of timber in the area that may be flooded.

The point with which I am concerned is that this timber should not be removed without careful planning as to its disposal. The sudden dumping over a period of two or three years of hundreds of millions of feet of sawn lumber on the market, some of it of low grade, would have a disastrous effect on the lumber economy of British Columbia and Alberta as well. I trust that the Columbia river problem will soon be solved and we will be able to get ahead with this development.

I sometimes become a little concerned over the fact that we are not moving fast enough in British Columbia with the development of our power, and we may find in the years to come, if we fail to develop it early enough, that it has lost its value because of the progress in establishing thermal and nuclear plants which can be located in close proximity to markets and raw materials. By that time there may be a lessening in the differential between the cost of hydro power and other forms of energy. I believe, Mr. Chairman, that covers the remarks I wish to make at this moment. I have a few more remarks to make on the items.

Mr. Regier: Mr. Chairman, in the interests of saving time, I wonder whether I could ask the minister if he would like to reply at this time to the problem which has been raised by the hon. member for Hull in connection with the bridge, because if he did reply now he might save me from making a half hour speech.

Mr. Pickersgill: When the minister replies I wish he would reply also to this question. He could reply to both questions at once and that might save me from making a half hour speech as well on this subject. On May 8 the Prime Minister, in a speech at Montreal, had this to say:

> Another 86.5 million acres on the continental shelf in the Arctic islands are now being developed under exploratory permits.

I emphasize those words, "under exploratory permits". On May 11, three days later, in this house the minister said, at pages 3514 and 3515 of *Hansard*:

—we have not issued any exploratory permits, as this article states, with regard to the Arctic islands and the continental shelf.

One of those statements is manifestly not true, and I think the minister should tell us which one is not true.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I am glad in a way that the hon. member for Bonavista-Twillingate has raised the question as precisely as he has this morning, because if it is true that I am not telling the truth, as the Leader of the Opposition said last night several times—I will just read his remarks. I was asked about these exploratory permits and the permits that were awaiting servicing, and the Leader of the Opposition said, "Just tell the truth." Later on I went on to say that at no time did the Prime Minister ever make a false statement and the Leader of the Oppositon said, "Read his speech." The implication there is that he did. Later on the same page of *Hansard* I was pointing out to the Leader of the Opposition that the thing he did not like about the operation was that it was so successful, and his answer was, "Why don't you tell the truth?"

Now we have the hon. member for Bonavista-Twillingate coming here and putting it down precisely that on May 8 the Prime Minister, at Montreal, used the figure of 86.5 million acres. I assume he is not quarrelling over the 86.5, because the figures change from day to day.

Mr. Pickersgill: No; it is the phrase, "under exploratory permits".

Mr. Hamilton (Qu'Appelle): He therefore wants me to explain "under exploratory permits".

Mr. Pickersgill: I do not want you to explain it.

Mr. Hamilton (Qu'Appelle): I was the one who provided that information to the Prime Minister, because under these applications for exploratory permits work is being done. If you want to lay the blame on my shoulders for having put it forward in that way, I can only say that it was made quite clear in the house last night that work is being done under these applications for exploratory permits just the same as if the exploratory permits had been granted.

We have not the regulations ready for final approval by council; at least they are ready, but council is studying them now. If you want to quibble over that you can make me out to be in error. The Prime Minister said "taken out", and there is development going on under these applications for exploratory permits.

As to the other statement I made in the house, at page 3514 of *Hansard*, I may say, as I made clear last night, that when you ask for precise terms there are actually no permits granted. An application for a permit has been received, priority has been established, and in the meantime for those companies which want it there are exploratory licences for them to go ahead. I made it clear last night that there are 10 or 12 companies actually doing preliminary work just the same as if they had exploratory permits. If the regulations are approved by council in the next week or so and the companies pick up their permits, as I am quite positive they will, there has been no time lost and we have been able to gain this year in exploration.

I am very unhappy that the opposition is trying to make a point of quibbling over phrases, but if you want to go out and say the minister was not too precise in using these phrases, then I am guilty. However, to say that I have not told the truth is going a little far, and I hope the hon. member will admit that.

Mr. Pickersgill: On that point, I did not say the minister had not told the truth. I did not say the Prime Minister had not told the truth. I said that one of those statements was manifestly untrue, and it is untrue. May I read them again. The Prime Minister said there were 86.5 million acres being developed under exploratory permits, not under applications but under exploratory permits. Then, three days later in this house, the minister says we have not issued any exploratory permits. It is not quibbling. One of those statements is a direct contradiction of the other. If the minister had had the advantage, like some of his colleagues on the treasury benches of sitting over here, he would have seen a great deal more made of a great deal less than this contradiction by the opposition to which his leader belonged, and by no one more than by the Prime Minister himself.

Now, I say this statement by the Prime Minister, which the minister has admitted is not correct, was certainly misleading to the public. The Prime Minister at that meeting in Montreal was trying to blow things up. I shall tell you something else he said at that meeting, since the subject has come up, which shows what a modest fellow the Prime Minister is. Here is what he said:

I have no hesitation in saying at this time that I believe that the government has accomplished more in those two years than any other government at any time in our history.

That is the modest claim the Prime Minister made at the Montreal meeting. That is one of the alleged facts that he produced to prove that. Then the minister three days later says there were no exploratory permits whatever.

Mr. Morton: Work was still being done.

Mr. Hardie: Work was not being done.

Mr. Pickersgill: That is another matter entirely. The Prime Minister has the responsibility to the public to inform the public accurately, carefully and precisely. No one was more assiduous than was the Prime Minister in trying to check up even the slightest deviation from technical accuracy on the part of his predecessors. He cannot expect and he is not entitled to any other treatment. Prime ministers even more than ministers should be careful of what they say and be sure that what they say is at all times accurate. This statement is inaccurate. It is preposterous. Imagine the Prime Minister saying in this modest fashion:

> I have no hesitation in saying at this time that I believe that the government has accomplished more in those two years than any other government at any time in our history.

An hon. Member: That is accurate.

Mr. Pickersgill: Yes; that is accurate. It is true that he obtained more seats than any other government in history. It is true that he has a higher deficit than any other government has had in our peacetime history. It is true that he has spent more money than was ever spent before in our peace time history and—

The Deputy Chairman: Order.

Mr. Pickersgill: —it is true that he has more people on the government payroll than ever before in our history.

The Deputy Chairman: Order. The hon. member will take his seat when the Chair calls order. I also hope the hon. member will come back to the Department of Northern Affairs and National Resources.

Mr. Pickersgill: I shall stay completely within the ambit of the opening speech of the hon. gentleman whose estimates are before us. He started out with wheat—I do not know whether Your Honour was in the chair at the time—and ended up with external affairs in the first paragraph. I do not intend to go beyond those two limits. I should just like to remind Your Honour that the minister's speech was about all aspects of national development. He praised the Department of Transport. He dealt with all sorts of other subjects. Surely we in the opposition are going to be given on the estimates the same freedom that the minister was given.

I just want to say one thing about this extraordinary statement which the Prime Minister was trying to bolster up with these phony statistics. I will just say this—

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I want a complete withdrawal of those words "phony statistics".

Mr. Pickersgill: I believe I have the floor.

Mr. Hamilton (Qu'Appelle): I have the floor on a point of order.

The Deputy Chairman: The minister is speaking to a point of order.

Mr. Pickersgill: All right.

Mr. Hamilton (Qu'Appelle): I am sorry, Mr. Chairman, but I must insist that the hon. member withdraw those words "phony statistics" and in all fairness I think that he should apologize to the committee for following the example of his leader last night by making this flat statement that I was not telling the truth.

Mr. Martin (Essex East): May I speak on the point of order, Mr. Chairman. The hon. gentleman has asked for the withdrawal of the words "phony statistics". I would remind you that a similar request was made from this side of the chamber by myself, and it was decided that the word "phony" was not unparliamentary. I would suggest to you, Mr. Chairman, that the rule that was applied on that occasion must apply now.

The Deputy Chairman: Order. I was in the house when that ruling was made, and of course I think that ruling will carry on at this time. I will ask the hon. member for Bonavista-Twillingate to continue.

Mr. Pickersgill: I have only one sentence to utter on this statement; then I am coming back to the other point. I want to say that the Prime Minister who made this modest claim is the successor of a prime minister who in the first six months he was in office took this country into the North Atlantic Treaty Organization and completed confederation with the union with Newfoundland. Then this government come along and say they have done more than any government in the history of this country; more than Macdonald, more than Borden. I am not surprised that he asserts he has done more than Bennett. But this is the kind of thing the Prime Minister goes about this country saying, and he bolsters it up with the statement that 86.5 million acres are under exploratory permits. Then the minister comes

into the house and says, "We have not issued any exploratory permits".

Mr. Dumas: The minister should resign.

Mr. Hamilton (Qu'Appelle): It is very difficult in the circumstances under which I am operating to decide what I should say. I know what the hon. gentleman thinks I should say.

Mr. Martin (Essex East): If you want to get your estimates through, if I were you I would say nothing.

Mr. Hamilton (Qu'Appelle): I want to make it clear that I think we all appreciate that the hon. member for Bonavista-Twillingate has to put on quite a show to make up for the fact that his own leader made such a tragic blunder in this house a few months ago in misinforming the public over some very statistics that I put on the record. This whole dialectical demonstration by the Leader of the Opposition last night and by the hon. member for Bonavista-Twillingate is as phoney as anything can be.

Mr. Habel: As you are.

Mr. Hamilton (Qu'Appelle): Any person of reason will accept my word that I provided the figure that he quoted from the Prime Minister's speech in Montreal. Whether it is an application for a permit which is waiting to be processed or whether it is a permit that has been processed, as far as the public are concerned they want to know only one thing and it is this. Is the development being done? I said yesterday, I thought very reasonably, that we had a right to take some pride in the fact that this area of the northern islands, where nothing had been done, had suddenly come to life in the last year or so. I think a political party has the right to take credit occasionally. This makes hon. members opposite angry because they have been brought up not with the theory of history that believes there is a right and a wrong, and not the theory of history that there is a scientific interpretation, or that God enters into this also. They have been brought up on the interpretation of the Sifton press that what is Liberal is blessed and that all those things that are not Liberal are the opposite.

Mr. Martin (Essex East): That is fairly close to the truth.

Mr. Hamilton (Qu'Appelle): I can understand why that is so, particularly with the hon. member for Bonavista-Twillingate. He has done a fairly creditable job of making this a great big issue, but I think the people, as they see the development of the country going ahead, will measure this country in their own way. All these storms raised in the house are not for the purpose of getting information but rather are for the purpose of making up for what they felt were the stings and arrows of events long since past. I am only here trying to present my estimates and I will answer any questions that hon. members put forward. But if there is going to be any blame attached in relation to this figure of 89.5 million—

Mr. Pickersgill: It is 86.5 million.

Mr. Hamilton (Qu'Appelle): —or 86.5 million; it changes from day to day—and with the words "application for permit", whether "application" or "permit" is in order, put the blame on me where it belongs and not on anybody else.

Mr. Hardie: I do not think that was actually the point of the hon. member's question. The question was as to which of these two statements was right. I will read the statement of the Prime Minister on May 8:

> Another 86.5 million acres on the continental shelf and the Arctic islands are now being developed—

I think those are the important words in that statement. Last night the minister pointed out to the committee that 10—he now says, 10—out of over 30 applicants or people who have applied for permits in the Arctic islands are now doing active work. That was yesterday. Since the Prime Minister made that statement we are told in the committee on mines, forests and waters when considering the minister's estimates that no development work had been done up until, as I recall it, the end of the first week in June.

I think at that time the minister said this development work, or at least the beginning of it, was based on the approval by cabinet of new regulations for Arctic oil development. He said at that time, in the first week of June, that these regulations were before the cabinet for approval. I have continually asked him week after week, and yesterday I asked him, if these regulations had been approved, and the answer yesterday was "No".

As I said when I first stood up, the important point is that the Prime Minister has said that the Arctic islands are now being developed. Yesterday the minister said that 10 of the permittees who have some of this acreage are engaged in active development. This statement was made on May 11, and in June the minister said nothing was being done at that time, that things had to be held up until after the regulations were passed.

I think the hon. member for Bonavista-Twillingate is quite justified in asking if this statement by the Prime Minister on May 8

was right, or whether the statement of the minister a few days later was right. From the evidence we heard in the committee on mines, forests and waters I would say that the minister's statement of May 11 was right and not the Prime Minister's statement of May 8.

Mr. Regier: Is the minister ready to make an announcement?

Mr. Hamilton (Qu'Appelle): Yes. There has been a lot of excitement over the bridge, and I would like to point out that in the roads to resources program we have bridges in agreements with several provinces. In the first instance, under the roads to resources program there are bridges in New Brunswick and several in Newfoundland. I am not too sure about some of the other agreements, because they are not all here. There are bridges in Ontario, and also as part of the over-all agreement there is a special agreement to do a geological survey, which is an electromagnetic survey of the area, before we finally decide on the route of the road. Therefore in the roads to resources program the first point is that there are bridges and a special agreement on the geological survey. The bridge which is part of the agreement is not part of the issue.

The second suggestion made is that the bridge should be part of the public works program rather than part of the roads to resources program. We probably look on this a little differently from the way the hon. member for Hull does, because for years it has been the subject of great complaint in Saskatchewan that there is no way of getting across from the north side of the river to the south side of the river, and the geography at the present time forces you to come across the river at one of two places in that part of the province, namely at Prince Albert or at Nipawin. One of these roads, the Hanson lake road it is called, runs from a place near Flin Flon and works down between Nipawin and Prince Albert. The Uranium City road curves round through Uranium City right through one part of the province to Lac la Ronge, the final part of the route extending down to the city of Prince Albert.

We have maintained over the years in Saskatchewan—not just the Prime Minister, the people of Prince Albert but the province —that this bottleneck had to be eliminated, and for years there was quarrelling between the city and the province over who would build the road. One argued that it was outside the city and should be built as a highway, and the other argued that it was within the city and should be built by the city. But the whole thing was slowing down the development of the northern part of the province, and if we did not build this bridge there would always be this bottleneck.

I might say that this is not a new precedent. I believe when Mr. Mackenzie King was the prime minister of Canada and representing the people of Prince Albert he saw that a bridge was built south of there to make the Prince Albert national park more accessible to people from the south. That was a long way from the park, I would say the same kind of distance, but the people of that day were glad to get that help to funnel their trade and tourist traffic into the north, and they will be equally glad to get this help at this time.

Mr. Regier: Mr. Chairman, I feel that the minister has completely evaded the contention made in this committee on this matter. I first raised the matter when I spoke in the debate on the speech from the throne, and I am very pleased at the able manner in which the hon. member for Hull has presented his argument. Yet the minister completely evades the argument and offers no reply whatsoever.

The minister says there is a little excitement about this bridge. Naturally there is a little excitement about this bridge, because we need more bridges all over the Dominion of Canada and all communities are very excited about the federal government having announced, in effect, a new cost sharing program in the matter of building bridges. We are certainly anticipating that when we want to build a bridge across the Fraser river, or when we want to build a bridge across the Pitt river, or any other river in British Columbia, or when the people in Montreal need a new bridge, or the people in Ottawa, they can now expect the federal government to share the cost of that bridge.

The federal government has departed here from the old attitude toward cost sharing in the matter of bridges. The federal government hitherto would share the cost of the bridge if it was part of the trans-Canada highway. The federal government used to share part of the cost of a bridge if it was used over a river that separated two provinces. The federal government would share the cost of a bridge over navigable waters. However, any community bridge has had to be paid for, hitherto, either by the provincial or municipal governments or by the two of them together.

The minister rather surprised us, or I should say the Minister of Public Works rather surprised us, when some months ago in this house he first indicated that the bridge at Prince Albert came under the Minister of Northern Affairs and National Resources. We found it a little hard to believe our ears at the time. However, the minister said he had

explained all this to the committee. He had explained to the committee last year how this bridge at Prince Albert happened to be a part of the roads to resources program.

As the minister's department knows by now, the minister did not explain to the committee how the bridge at Prince Albert was a part of the roads to resources program. We are hoping that the minister will now explain how a bridge 150 miles removed from the highway is a part of that highway. If that bridge is a part of the highway, what about all the other bridges south of Prince Albert down to the United States border? Cannot they also be said to be part of that highway?

We have need of a lot of bridges over the Fraser river, all of which would lead to some natural resource. There is hardly a bridge in Canada that does not lead to a natural resource, and the existence of which aids in the development of that resource. We are very happy that the people of Prince Albert are getting a new bridge. We hope this is the beginning of a new policy on the part of the federal government, and that henceforth any major community which is in need of a new bridge can apply to the Minister of Northern Affairs and National Resources and argue that it is within 150 miles or within 1,000 miles of a road he is already helping to build, and therefore the minister will agree to share the cost of building the bridge. We are very happy that the people of Saskatchewan are to be blessed with a new bridge. However, we do insist on an explanation as to how this bridge is part of a road the beginning of which is 150 miles away from the bridge. And how is it that the cost of this bridge is shared by the federal government through the agency of the department over which the minister presides rather than the Department of Public Works, which ordinarily is the department seized with the responsibility for matters of this kind?

The Deputy Chairman: Shall this item carry?

Mr. Regier: No, Mr. Chairman. I hope the minister will answer the reasonable request of the hon. member for Hull and tell us how this bridge is part of that road.

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

Mr. Regier: Yes, but I am not the minister. I assume the minister has these answers.

Mr. Martel: Was that bridge in Saskatchewan not built by the Saskatchewan government under the roads to resources agreement signed at Ottawa?

Mr. Regier: That may be so. What we want to know is whether the corporation of the district of Burnaby or the government of the province of Quebec or the government of Prince Edward Island or any other provincial or municipal government now has an invitation to go to the minister if it needs a bridge, and the minister will say "Let us see; there is a road somewhere in that area, within hundreds of miles of the proposed bridge. Therefore I am able to share the cost of building that bridge with you." If that is the new policy I welcome it, and I think the whole committee would welcome it. However, let us not have a situation where only one community in Canada, which happens to have particular representation in this House of Commons, is able to obtain a bridge which, so far as we can see, has nothing whatever to do with the roads to resources program while other communities in Canada are to be denied equal treatment.

Mr. Henderson: Would you want us to dictate to the provincial governments where they should use the money provided for this roads to resources program by the federal government?

Mr. Hamilton (Qu'Appelle): I think I must tell the hon. member for Burnaby-Coquitlam that the answer to his question is yes; if a provincial government suggests to us that a bridge would play a vital part in the development of our resources I am certainly going to consider it. This proposal for a bridge at Prince Albert was not made by the federal government. It was made by a committee composed of several members of the Saskatchewan government, including also the mayor of Prince Albert, which argued that this was a very necessary part of clearing away this bottleneck into the northern part of Saskatchewan. We accepted that argument. It also happened to be near a road to a national park which, I think, was the earlier reason given.

With regard to the other matter which was raised, the government of New Brunswick asked us to bridge a gap at Fundy park which is not connected with another road—there is a gap of 20 miles—and we said, "Yes; it opens up facilities to tourists, and we accept it". So if a province wants to prove to us that the construction of a bridge is part of a resource development, we shall look into it.

Mr. Pickersgill: On that very point, the hon. member for Hull brought out very well yesterday that one of the most badly needed bridges anywhere in this country is right in sight of this very building, and not only is it near a national park but it is near a unique national park, one which was established in part as a memorial to those who died in the second world war.

Mr. Henderson: What happened when this government was in power for so long?

An hon. Member: Same old story.

Mr. Henderson: No, it is not the same old story. I am telling you, you can look right out here and see the bridge—

Mr. Pickersgill: Why not stand up and make your speech?

Mr. Henderson: All I can say is I have stood here all the spring listening to a windbag like this talk and not know what it is all about.

Mr. Pickersgill: I listened, as I always do, to the hon. member for Cariboo, and there is no hon. member of the house for whom I have greater esteem. I do not take the slightest exception to what he has said, but I think I ought to reply to his argument, since I think it is a serious argument. He asked why we did not do anything about this bridge when we were in power. Well, we did not build a bridge at Prince Albert, either, because we did not have a roads to resources—

Mr. Henderson: I will tell you this—

Mr. Pickersgill: Would you like to make your speech now?

Mr. Henderson: Go right ahead. You would talk, anyway.

Mr. Pickersgill: We did not have the kind of roads to resources program which the minister has before the committee now, because when we were in office we had full employment and did not have to think up schemes to keep the people of this country working. But since the minister has said he is building bridges anywhere within 150 miles of a national park to improve access to that park and other resources, here is a bridge which is within 10 miles of a national park and which is very badly needed, also, for the proper functioning of the government of Canada itself. It might be that if we had a good bridge across the Ottawa river, government employees could get to work at a reasonable time and not be delayed day after day. It might be we should not need to have as many civil servants and we could pay those we have better, as they should be paid. There are a variety of reasons.

I suggest that if this is to be the policy there is no place where it could be better applied than right here, and it might well be that if the minister would take the problem over from the national capital commission, which does not appear to be making much progress, under his roads to resources program, with his extraordinary capacity for persuading people he could see the premier of Quebec and the premier of Ontario and say "We will give you half the cost of this bridge", we might be a little nearer to getting the bridge. It seems to me that the hon. member for Hull made an unanswerable case for equal treatment with regard to that bridge, when he spoke in the discussion.

Mr. Regier: All I want to do is express the great pleasure of this group at the new policy which the minister has announced. If I understood the minister correctly, any municipality or province that needs a bridge—

Mr. Hamilton (Qu'Appelle): Province.

Mr. Regier: Any province—I am sorry—the building of which would help to develop the national resources of Canada, then a request for aid from the federal government would receive very sympathetic consideration. I can assure the minister that our minister of highways in the province of British Columbia will not wait many hours before he will have a few proposals to make to the minister.

Mr. Henderson: A point of order. You are doing a lot of talking about the minister of roads in British Columbia. That government has been trying, and sending out Mr. Gagliardi here, and he comes down here with a story and never does anything; just the same as you, chock full of b.s.

Mr. Regier: I regret that the hon. member for Cariboo is not as happy as I am about the new policy the minister has announced; because that new policy, if the minister really meant what he said and he will implement his answer and have some consideration given to these proposals, will mean more for our province than anything which a federal government has done for British Columbia for many a long year. We badly need several new bridges across the Fraser river, several new bridges across Burrard inlet, all of which would aid tremendously in the opening up of the resources of our province. I can assure the minister that not much time will pass before he will be asked to implement his words.

Mr. Pickersgill: May I ask the hon. gentleman a question. In view of the fact that the premier who is provincial treasurer of his province is going to wipe out the remains of the debt of that province; in view of the fact that they have a huge surplus and that the federal government is virtually bankrupt, does he think it is reasonable for the government of British Columbia to make those demands on this government?

Mr. Regier: In answer to that question may I say that if the people of the province

from which the hon. member for Bonavista-Twillingate comes had the same faith in a high standard of living and in decent wages, then his province might also be in a satisfactory financial position.

Mr. Martin (Essex East): Before the minister replies, may I ask him a question. Will he give consideration to the appointment of the member for Cariboo as his parliamentary assistant?

Mr. Hamilton (Qu'Appelle): All I am going to say to the hon. member for Essex East is, beware of caribou; they have sharp horns.

I think the hon. member for Burnaby-Coquitlam kind of worked up a head of steam. I hope no one in the press gallery is going to take his word for that and say they are going to have all sorts of bridges in British Columbia, for the very simple reason that British Columbia signed the agreement and, like any province, will have to work under the terms of the agreement, which are a maximum of $15 million and in any one year a maximum of $1,500,000. If he wants to go back and say that this program is available under those terms, he should also tell the people of the province that British Columbia signed an agreement. Other provinces have agreed with us and with the program as indicated which provides for bridges already in their programs, and that is about as far as we can go at this time.

Mr. Caron: At the same time that the money was spent for the bridge in Prince Albert was any money being spent on roads to resources in other provinces over the $1,500,000?

Mr. Hamilton (Qu'Appelle): Yes, I think that is true because there are those under the special agreements—the same as the city and the province—the same as the special agreement we have in Ontario on the electronic, magnetic and ground surveys.

Mr. Caron: Any other province that entered into a special agreement would receive like treatment?

Mr. Hamilton (Qu'Appelle): If they came within the terms of the agreement and the ceiling of the agreement, yes.

Mr. Howard: Mr. Chairman, there are one or two comments I would like to make about the roads to resources program. After listening to the minister's opening, sort of free-wheeling, all-embracing remarks, and the hon. member for Bonavista-Twillingate, who covered a wide range of subjects, perhaps we should classify the minister as the "minister of everything". He has certainly the fullest scope of matters under his jurisdiction, apparently.

[Mr. Regier.]

I should like to make a comment or two, if I may, on the roads to resources program and the road which is being built in British Columbia, which is generally classified as the Stewart-Cassiar road. First, even though the contract has been signed with British Columbia on a 50-50 basis, I am sure this will also be the basis of the financial arrangement which will be entered into with the other provinces. It does not appear to me that the policies advocated or put into effect by the Department of Northern Affairs and National Resources are in keeping with the policies of the government itself, because there is another department that participates with the provinces in the building of roads, namely the Department of Public Works.

I am thinking now of the trans-Canada highway arrangement under the Department of Public Works. Some time ago this department saw fit to make financial arrangements with provinces beyond the 50-50 program, and agreed to participate to the extent of 90 per cent of the cost of 10 per cent of the highway being built in a province. It would certainly seem to be sensible and in keeping with governmental policy for the Department of Northern Affairs and National Resources to adopt the same attitude, the same sort of approach when it begins suggesting that contracts be drawn up with the provinces with regard to the roads to resources program. If it is sensible to pay 90 per cent of the cost of 10 per cent of the trans-Canada highway in each province, then it is equally sensible to pay 90 per cent of the cost of the so-called roads to resources program in which the government is also participating. I think this is something the minister should keep in mind; it is something that he should advocate to his colleagues in an attempt to have government policy, in so far as participation in road-building programs is concerned, at least uniform.

I certainly hope the situation which existed on the Stewart-Cassiar road and which was fostered by a number of people out there will not occur in the other provinces, because it has meant quite a set-back in the progress that could have been made on the building of that particular road. As the minister will know, there was quite a bit of conflict of opinion as to just where the southern terminus of that road would be. Would it start around Alice Arm, or Terrace, or Hazelton, or some other place along the line? In those communities there was conflict as to just where the southern terminus would be.

Unfortunately this controversy about the southern terminus came at the time of an election campaign, and as a result every political party and every candidate got into the controversy and suggested that the southern

terminus for the road should be here, there and so on. All that the controversy did was to delay the actual program of construction of the southern end of the road. For instance —I am not imputing these words to the minister—I was told this and the story was quite widespread in Alice Arm. I was told by a person from there, who during the election campaign had been visiting relatives in Saskatchewan, that he had met the Minister of Northern Affairs and National Resources and told him that he came from Alice Arm and that this place was one of the sites being considered for the southern terminus of the road. He spread the story that the Minister of Northern Affairs and National Resources absolutely guaranteed to him that Alice Arm would be the southern terminus of the road that is being built up there.

This was an unfortunate incident. Whether the minister said that is beyond my knowledge. I am sure that when I finish the minister will take the opportunity to indicate whether he did or did not say that, or whether he recollects saying it, but the fact is that the story was spread pretty far and wide, in Alice Arm particularly and in other communities out there, and all it did was help to stir up more animosity among the communities as to which was going to be the southern terminus.

Unfortunately it had a bad effect not only in that way, but it had a bad effect on one of the communities in so far as its economic position was concerned, namely the village of Stewart, which is now to be the southern terminus of the road. The people of the village of Stewart had a pretty rough time last winter and the winter before because this government and the provincial government could not make up their minds as to where the southern terminus of the road was going to be. They would not make up their minds because an election campaign was in the offing, and if they made up their minds they might alienate some support in the village of Stewart and in one or two of the other communities.

I should like to pose some questions with respect to this roads to resources program. The minister says that British Columbia is the only province which has signed a contract on the basis of 50-50 financial participation. Other provinces have not yet signed agreements. It was our understanding originally that the contracts would be identical and there would not be differing provisions in the case of one province with respect to the arrangements with the federal government. It was our understanding that the contracts would be uniform. I should like the minister to indicate what the differences are and what is the reason for the delay in signing contracts with other provinces.

The $15 million is to be split equally between the province of British Columbia and the federal government, with each contributing $1,500,000 a year for a period of five years. In so far as the Stewart-Cassiar road is concerned, the rough estimates of people who have lived in the region for many years and of engineers who have surveyed the road indicates that the cost will be closer to $20 million than $15 million. This is common knowledge, and has been ever since this program started and ever since the provincial government participated, through its department of mines, in building a section of the road near Cassiar many years before the federal or provincial governments started to think in terms of a roads to resources program.

I should like an indication from the minister of what will happen if the contractual obligation of the federal government to pay half of $15 million will not fully meet the cost of completing the road. What will happen then? Will additional provision be made in order to complete the road?

We have heard quite a bit of discussion about oil and gas leases and the development of industry in the Arctic, the Northwest Territories and on the continental shelf. I am sure the minister has this in mind, but I hope he will keep in mind and carry out this general philosophy when it comes to entering into agreements to develop resources in the northern part of Canada. The history of industrial development and expansion throughout Canada has not been good. There are many cases on record where governments, provincial and federal, in past years entered into a fire sale of our natural resources in their haste to get some sort of development program under way. The Canadian Pacific Railway is a case in point, where acres and acres of land were given away. Forest management licences in British Columbia are another case in point. The proposed Wenner-Gren program would be nothing but another fire sale of our natural resources to outside private interests.

This is one thing the Minister of Northern Affairs and National Resources should guard against in his dealings with industrial people, particularly foreign and international concerns. He had better guard against entering into any sort of give-away program which will tie our children and our children's children to a contract which they cannot change in later years when some of them become members of parliament.

The minister has been referred to as a visionary. Of course I would classify him in the same way as the hon. member for

Mackenzie River did the other day, when he quoted the dictionary definition of a visionary. The minister may be as dedicated and sincere as a person can be with respect to the development of our resources in the north. I do not question his sincerity, integrity or honesty in that regard but he should realize that neither he nor anyone else is infallible. We have no crystal ball in which we can see 30, 40 or 50 years ahead and determine whether what we do today will be acceptable and beneficial 50 years from now.

Experience has shown that past governments were not right in binding future generations to accept the give-away contracts into which they entered. We have found by sad experience in later years that previous governments were not so farsighted as they thought they were. We are now realizing the errors made by previous governments in attempting to have our natural resources developed and the production therefrom and the distribution of that production carried out in such a way as to be most beneficial to Canada and the citizens of other nations of the world. The minister must guard against that more than any other single thing. Do not be in any obscene haste, shall I say, to develop our natural resources. Do not give them away under conditions that bind the hands of the people of future generations, who may decide that the minister was not so clever after all, so that they will not be able to do anything about it.

Mr. Hamilton (Qu'Appelle): I should like to thank the hon. member for Skeena for being kind enough to verify my honesty and integrity. I appreciate it very much after what has been happening in the last couple of days.

Mr. Howard: I was not talking about statistical things.

Mr. Hamilton (Qu'Appelle): Well, you are either on one side of the fence or the other.

Mr. Howard: Oh, no.

Mr. Hamilton (Qu'Appelle): As far as the contracts with the provinces are concerned, we make a different arrangement with each province in order to fit the needs of that particular province. The province suggests the roads and we see that they meet our criteria. But with respect to all the legal provisions the agreements are identical. They follow the type of contract used in the case of the trans-Canada highway.

One new factor has come into the picture since last year which has affected the identical nature of the agreements with the provinces. That is the factor of time. The original proposal put forward by the federal government was that there would be a five-year limit, and this was one of the causes for delay in getting agreements signed last fall. One of the provinces—Saskatchewan, as a matter of fact—took exception to the way the time payment clause would work out in effect. They asked for an extension of time. We asked the other provinces what they thought about it, and the final result was that we took out the five-year mandatory provision. You will find now that the new agreements run from five years to as high as eleven years, whatever is mutually agreeable between ourselves and the province.

The key clause to remember is that the maximum financial commitment by the federal government, agreed to earlier, is 50 per cent of $15 million over the period of time. With regard to the agreement with British Columbia, the provision of a maximum of $15 million is identical with the term that will be in the agreements with other provinces. If the estimate proves correct and the cost of the program is $20 million, then under the agreement the province has covenanted to complete the road, but there is no federal commitment to spend more than 50 per cent of $15 million during the life of the agreement.

With respect to the resources outside of the provinces, over which we have control, I can assure all hon. members that no person more than myself will seek every avenue to see that as much as possible these resources remain in the hands of Canadians or Canadian companies. I am not narrow in this matter at all. I welcome the setting up in Canada of subsidiaries of outside companies. I am very happy to welcome the interest of British, French, Swiss and Dutch capital at this time in our oil and gas resources.

I can assure the hon. member that I agree with him fully when he says that those in charge of resources have a great responsibility to remember that we hold these things in trust for future generations, and not to make commitments whereby we give away rights to our forests and mines for more than a reasonable period of time, and also to see that the terms of any agreement provide for renegotiation. I should not have used the word "mines" because there is a little different philosophy accepted in that regard. In so far as renewable resources are concerned, and even some that are not renewable, more and more we are thinking in terms of short term leases like 21 or 33 years than we are in terms of the perpetuity leases and these long leases of 200 or 300 years that used to be given occasionally.

Mr. Peters: We are very pleased to find that this particular department has grown rapidly over the past two years and that it is now engaged, in co-operation with the

provinces, in many fields which were previously provincial in nature. We feel that this could be a good thing; and if the program the minister has outlined is accepted by the provinces, then a great deal of good can accrue from the work of this department.

These facts, Mr. Chairman, make this department one of the most important in the government and make this one of the most extensive departments, and the responsibilities of the minister have grown since he took office. This will all be to the good, provided it is used in an advantageous manner.

I was very interested yesterday in listening to the remarks made by the hon. member for Parry Sound-Muskoka. One of the problems he mentioned was the tourist industry, and in recent years we have heard of some of the problems connected with that particular industry. A few years ago in northern Ontario we used to receive a great number of tourists from the United States, but the number has been dwindling in recent years. I think there are several reasons for this, and some of the most important ones were pointed out by the hon. member for Parry Sound-Muskoka. These include the establishment of new and modern tourist camps, and making money available to tourist operators so they can bring the accommodation they offer up to the standard the people from the United States desire.

There was another point raised in the committee, I understand, by the hon. member for Calgary South. This related to the fact that for a number of years we in Canada have concentrated in our advertising on the fact that we are a wild, rough, frontier country; that the people from the United States should come over to Canada and rough it. I do not believe the United States tourists want to come to Canada to rough it. I do not want to rough it, as we are told to do in the various tourist pamphlets. We have become accustomed to certain standards of accommodation, and I do not think we want to be told that the Indians are running around in their native habitat and we are going to spend a couple of weeks with them and this will be fun.

I do not believe that is what really happens, but I think it is the impression that many United States tourists are given. As the hon. member for Calgary South said, we should impress upon them that we are a civilized country; that we do have shows and the things to which the United States tourists have become accustomed. Then the United States tourist would come into this country knowing full well that his wife would be able to get the accommodation and facilities that she wants.

At the same time, these United States tourists will continue to push further into the hinterland, where conditions are not as good as they could be, and this will bring more money into those areas and give the tourist operators an opportunity of improving the standard of accommodation they offer. Then the United States tourists will be quite pleased with their visits to Canada and will continue to push farther into the undeveloped areas, thus enjoying many of the things those areas have to offer.

I should like to mention, as an example, that conditions around Moosonee were relatively primitive until a few years ago. Tourist operators there have improved their facilities and are bringing in United States citizens by the thousands for duck hunting and fishing. Once these people come for a specialized reason, they will come back after they find that Canada is not a bad place. I would encourage the minister to ask his people to continue to press for the establishment of standards that the government could recommend for use in these brochures that are sent into the United States. Nothing is more disheartening than to go into a tourist camp which you may think is rated No. 1 or No. 2 and find that with regard to cleanliness and food it is not even up to the most elementary standards.

I should like to say a word now on the progress the minister is making in connection with these roads to resources. I find it difficult to understand why Premier Frost of Ontario, who has been talking about northern development for some time, has not negotiated a program for building a resource road from Kapuskasing to Moosonee, and one from the town of Cochrane to Moosonee. Both these roads would open up large timber and mining areas. If these projects were undertaken next winter they would alleviate a great deal of the serious unemployment that has been prevalent in that area. With the developments that are taking place there, power will be available, and I would suggest to the minister that he ask for the co-operation of Premier Frost in developing resource roads in that part of Canada.

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

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Peters: Before lunch, Mr. Chairman, I was suggesting how this department had been extended and how the work of the department had increased. This gives me some hope that in northern Ontario we shall see

something of the natural resources development that we know can and must take place and the follow up, which will be the secondary industry which will follow the development of our natural resources. To do this I would believe that we are going to have to have a focal point on the shores of James bay, the town now commonly known as Moosonee. The provincial government has been very much interested in this project. I know the minister is interested in it. It was discussed widely during the last election. The Conservative party during the last election, and in particular the Minister of Northern Affairs and National Resources, made several references to a railway from the town of Churchill, Manitoba to Moose Factory and that this would provide, as the press release points out, a rail link between the two settlements, each of which is connected now by rail with the outside and to open a large portion of the coast of Hudson bay to exploration and development.

The minister also pointed out that they were willing to spend $36 million to start a survey for the planned railway extension and Ottawa would probably pay the whole shot. It went on to say what this will mean to the economy of the country. Over a number of years the Ontario Northland railway which runs a line from North Bay to the port of Moosonee has been very much interested in this matter. After conducting a number of surveys into that field they have ascertained the cost necessary to develop a deep sea port. They have done considerable work on it. On a number of occasions the premier of the province has indicated his willingness to spend upwards of $5 million on this port. I would suggest that the minister of northern affairs, if he believes in the development of the north, can find no better focal point than the port of Moosonee which will open up all of the Hudson bay area to further development. Much of this development has been curtailed for the simple reason that there is no port at the railhead at Moosonee and ships of any size are unable at the present time to come into the port. This is a sea port on salt water. It has a five-foot or six-foot tide and would open up to Ontario a second route competing only with the St. Lawrence seaway as a route to Europe and the markets of that area.

Mr. Frost, when asked about this matter, is reported in the Ottawa *Journal* of Friday, January 16, 1959—the heading is "Frost 'Expects' Federal Government to Build Moosonee Harbour"—as follows:

> Premier Frost has indicated he expects the federal government to build the harbour at Moosonee planned by the Ontario government.

[Mr. Peters.]

He goes on to point out that the jurisdiction falls within the scope of the federal government. A great deal of work has been done in this particular field. There are a number of reasons that would make this a centre of attraction for a development port in that particular area. A great deal has been said about it politically, economically and otherwise in the last twenty or thirty years. The day is coming closer and closer where some of the objects and the need for attention in that particular area become more and more important.

Mr. Chairman, we should just like to point to the development that took place on the mid-Canada line. The great amount of material that was sent into that line came through the port at Moosonee. Many difficulties were encountered because of the fact that this was not a deep port, a port sufficient to handle boats having a draft that would be necessary to carry the freight they have in that area. But continually during the summer small boats ply that area carrying fuel, food and all the necessary equipment for the maintenance of that line. I think it is quite clear that if this port had been in effect in the days when they started to build the D.E.W. line the expense of transportation involved in the building of that line would have been much less.

The Moosonee area on the Moose river near the south-western tip of James bay has been a port for small ships since 1673 when the Hudson's Bay Company established Moose Fort as a trading post. It was customary in the early days for these ships, which though small were of considerable draught, to lie at anchor near the mouth of the river at what was known as Ship Hole. Cargoes were lightered from that point to the fort about fourteen miles up stream. With the extension of the Temiskaming and Northern Ontario Railway to Moosonee fourteen miles from the mouth of the river, the Hudson's Bay Company ships, all of small tonnage, loaded and discharged cargo at the railhead. In 1956 ships of much greater tonnage and up to nine feet in draught took on cargo at Moosonee. Depending entirely on its natural advantages, Moosonee has become a practicable rail to ship transfer point. With port facilities and remedial works it could become an ocean port of prime importance.

Interest in Moosonee as a port is aroused at this time because of the very extensive deposits of iron ore which during the last few years have been outlined and evaluated on the Belcher islands and inland a distance of 37 miles from Great Whale on the southwest coast of Hudson bay. These deposits are now definitely known to contain hundreds of millions of tons of good concentrating ore

ranging from 35 per cent to 45 per cent iron. While the Belchers have no source of power and would have to depend on imported fuel, the iron deposits in the Great Whale area have three potential sources of hydro-electric power within a radius of 22 miles. Neither location will present any great difficulty in establishing proper port facilities and Great Whale has a naturally well-protected harbour.

The advantages of a route through Moosonee for shipments to and from either of these points must be apparent to anyone at all familiar with James and Hudson bays. At best the northern route through Hudson strait is restricted to a three-month navigation period. It has been proposed, in connection with the shipment of ore from the Belchers, that this short period might best be utilized by establishing stock piles of ore at some ice-free winter port, possibly in Greenland. While this may be feasible, it does involve the expense of two extra handlings of the ore as well as very extensive docks and ore handling facilities at the chosen port.

A route to the south through Moosonee, on the other hand, would normally be open to shipping for a period of five months and under much less hazardous conditions than on the northern route. Stockpiling, if desirable, to extend deliveries to destinations over the entire year, could readily be effected at Moosonee and without the expense of building docks for this sole purpose. If this Canadian ore is to be shipped abroad to be smelted and manufactured for the benefit of a foreign country, there is little point in presenting the advantages of the southern route. If, however, the prevailing official and national opinion that Canadian ores should be processed for the benefit of Canada is to prevail, there is every argument in favour of the southern route.

Mining operations in remote areas can progress only if given transportation facilities which ensure prompt deliveries during the navigation season. Such deliveries could be made through Moosonee and by no other route. A return trip from Moosonee to the Belchers or to Great Whale could be made, with cargo in each direction, within a week or ten days. From Montreal by the all-water route two round trips during the navigation season are all that could be reasonably expected. It might further be pointed out that perishable foodstuffs, greatly to be desired in northern latitudes could readily be transported over the Moosonee route, whereas the all-water route would make this difficult and extremely expensive.

While the Moosonee route has the obvious advantages of a longer navigation season and is time saving, it also presents unique opportunity for additional savings. With hydro-electric power available from existing and potential sites on the Abitibi river, conversion of low grade iron ores to concentrates of 65 per cent iron content could readily be carried out. By using the natural gas which will be available in northern Ontario this year this process might be carried a step further, by a recently perfected process, to the production of pig iron directly from the ore. Such an advance would materially reduce the carrying charges over the railway portion of the route and at the same time establish a highly desirable industry with its consequential all-year round employment in northern Ontario.

It may be suggested that once the traffic in iron ore has been established the route would be of considerable advantage to the promotion of the development of other mineral deposits in northern areas. It would prove a direct incentive for intensive prospecting and development over a wide area with enduring possibilities. It could also be—

Mr. Bell (Saint John-Albert): Mr. Chairman, I am sure that if the hon. member obtained unanimous consent of the house he could file this statement.

Some hon. Members: Carried.

Mr. Peters: Mr. Chairman, if that suggestion were put into practice there is no question in my mind that it would make a lot less effective many of the speeches of even the hon. member. It would prove a direct incentive for intensive prospecting and development over a wide area, which I am sure would add to the vision that the minister has seen in that particular area.

So much for the advantages of this rail and water route from the awakening northland to the heart of industrial Canada. It is a development which must be undertaken immediately. This proposed route has been suggested. Development work has been done by a number of people. Development work started in 1911 when the federal government, under E. C. Ells, undertook a survey of this area. Many surveys and many phases of development and potential development have been carried out since that time. On one occasion the navy was interested in this and an extensive survey was carried out. From these surveys it has been readily assumed that the work of dredging from Ship Sands to the port of Moosonee can be easily undertaken. Docks can be established on the shore to provide docking facilities. These can be built into the shore where there is quite a height of land. This can be done so that ice and other conditions which exist each spring will no longer be a hazard, and dredges can be put into that area as they have been in

the past. It has been established that dredging work can be maintained, and that when the silt and the gravel at the bottom of the river is removed the natural flow of water itself will keep this port open.

Mr. Chairman, I think it is quite easy for all hon. members to understand what this can mean to northern Ontario. If we have a flow of traffic, whether it be ore going south or north into the European markets, secondary industry will obviously follow in that area to supply the needs of the mining communities which will be set up in the area of the Belcher islands. This development is absolutely essential in northern Ontario where mining, particularly gold, has reached its apex and no further developments have taken place in that field. We have large cities and communities which are completely dependent upon the natural resources they were built to supply and maintain, and as these industries decrease and the mines are worked out it is absolutely necessary for this department to supply the leadership necessary to develop secondary industries, and I suggest to the minister that this is probably one of the most effective ways.

Just as an added incentive, it has been established in the last few months that the work that is being done in northern defence in connection with the Bomarc missile site in North Bay will mean the installation in James bay of heavy radar equipment and communication equipment. I would suggest that this is an opportunity for the minister to put into force somethiing which will be much more effective than the $3 million his department is now spending at Father Point, Quebec, near Rimouski. If the department is in a position to build a port, which I suggest to the minister is probably very badly needed in the area, there is all the more incentive for the minister to give consideration, in conjunction with Premier Frost and the Ontario government, to the building of Ontario's first salt water port at Moosonee.

The result of this will be more than beneficial to northern Ontario, because it will mean a flow from the industrial part of Ontario through northern Ontario and into the European market. This route will establish a much faster and cheaper method of transporting goods into the northern parts of Europe. I suggest that if the minister takes a look at the vision of which he spoke, this port is much more important than building a railway from Churchill down to Moose Factory. We would much more appreciate a port so that we can go by water from Moosonee to Churchill. I think this port will give the minister all the added facilities that he would need if he wishes to transfer some of the grain shipments from the port of Churchill to a port at Moosonee, where he would be able to take advantage of a shorter route from Winnipeg than we now enjoy.

For these reasons I suggest to the minister that he go into northern Ontario this summer to take a look at the facilities there, discuss with the premier of Ontario, who has made many statements about his willingness to co-operate and spend Ontario's money in this regard, and that the federal government give the leadership in the jurisdiction they have assumed. It will be very advantageous to northern Ontario, and I am sure it will give the impetus necessary to supply northern Ontario with secondary industries.

Mr. McIlraith: Mr. Chairman, there is one matter I want to raise having to do with the general administration by the minister of the items voted to the department by parliament. The matter arises out of what has been said in the discussion of this item so far, and it has to do with his whole attitude concerning the administration and allocation of the funds voted by parliament. We heard the discussion about the Prince Albert bridge and we heard the extraordinary argument advanced that the contribution to that bridge was made under the item under the minister's jurisdiction No. 280 and under the corresponding item last year. Item 280 reads as follows:

> Contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces.

Two points arise from this. There is no specific reference to bridges, but I take it that bridges would be included under the item relating to roads; they are an integral part of a road system. I take that to be elementary. But the particular road with which we are concerned and in respect of which money was voted by parliament under the item I have just read is a road which, as I understand from the debate, starts 150 or 175 miles to the north of the bridge. It starts at Lac la Ronge and extends from there a considerable number of miles northward. In other words, there is a gap between the bridge in question and the roads to which parliament has authorized contributions to be made, a gap of some 150 miles. A road to the start of the authorized road is already in existence and, presumably, has been provided by the province and there was, of course, a bridge in existence which was serving that road. I take it the bridge with which we are now concerned is to be an

additional bridge in Prince Albert. It does seem to me that it is stretching the language used in the estimates unreasonably to interpret the expression "roads to resources" to include bridges which are some 150 miles away. It is not realistic at all.

While I have no doubt that the bridge is a very good bridge and that it is needed very badly, I am raising this other part of the question. Is the minister using funds which have been voted for a particular purpose set out by parliament for what appears to be another purpose altogether? Surely we are entitled to some better information and explanation than the minister has so far given us. If there is no better explanation, then, surely, proper legislative authority should be brought forward regularizing what has been done. Certainly nothing which the minister has said so far, either in this debate or in answer to questions which were put to him on earlier occasions when this matter was referred to, can be regarded as satisfactory. Something further will have to be done, either by way of enlarging on the answer given on those occasions or by way of an indication of an authority other than that which is to be found in the item which I have just read. Hon. members will see that there will be no control whatever over the use of funds voted under this item which deals with access roads leading to resources under agreements with the provinces, unless a stricter standard is adhered to. One could find examples which would reduce this whole situation to absurdity, in the light of the distance which the minister has gone today.

The point I wish to make is that the minister must apply the moneys voted by parliament for the purposes for which they were voted. They may not be used by the department under his direction in any way which seems desirable, no matter how laudable the purpose may be. No one who has listened to the discussion on this first item so far can fail to be alarmed, because not only had we this example but we had a rather extraordinary explanation and argument coming from the minister on another point when he was dealing with some statistical information he had given as to development permits for oil and gas when the hon. gentleman argued that development permits and applications were one and the same thing. Looseness of view of that kind, when applied to all these matters, could become serious.

One further question arises, and perhaps I may deal with this same item as an example. The minister, in his answer to questions on July 4 and July 6, concerning the roads to resources program gave some very strange answers indeed. If he would refer to a question asked on July 4 this session, as appears in *Hansard* on page 5469, he will find the following exchange—I will try to paraphrase the question and answer, but it is there for any hon. member to see who wishes to read it. The minister was asked about federal assistance for an extensive highway program in northern Manitoba, and in answer he said the province was already working on certain of the roads, but an agreement had not yet been signed. Then, in answer to a supplementary question, he said that the road about which inquiry had been made was a part of the roads to resources program. Then there was a question about the limit of the funds that could be spent, and the minister went on to explain the amount that could be provided. What concerns me with regard to this aspect of the question is that on July 6 the minister was asked which provinces had signed agreements dealing with the roads to resources program, to which the minister replied: "British Columbia". In other words, he made it abundantly clear that Manitoba had not yet signed such an agreement. I point out to the committee once again, that the item under discussion reads:

> Contributions to provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces.

Observe that there is a definite limitation in that item. There must be an agreement between Canada and the province concerned. I should like to ask the minister to what extent has he been spending funds under this item prior to an agreement being reached and, if he has been spending moneys in this way as his answer would indicate, what is his authority for such expenditure? By what right has he spent this money, because not only must there be a vote—there is an interim supply vote—but there must be an agreement with the province. That limitation is imposed, and I think the minister would agree with me that this is a serious matter. If there is some authority of which I am not aware, I wish the minister would clear up this matter. If there is not, may I say to him that I regard it as a serious thing and something which ought to be clarified by the proper authority and regularized in the proper way, because if the minister will consider the other items in his estimates he would realize how far one could go in applying them if I am right in the facts as I have put them forward.

You can see how, for instance, under construction or acquisition of buildings and works, arising out of the reallocation of the town of Aklavik, item 279, the same principle

could be applied to some other city in the country or area, and so on. One could give unlimited examples. I think the minister will agree, and I think all hon. members will agree, that the method of providing the funds through these estimates, with the approval of parliament, is a method that provides for a precise procedure. The bringing forward of these estimates by the government is not in the nature of giving the department a blank cheque. The expenditure cannot be defended merely on the grounds that it is a good expenditure in the circumstances. It must be defended as being within the authority granted by parliament. It is with that point in mind that I would like the minister to clear up these matters.

Mr. Hamilton (Qu'Appelle): To speak to the last matter first, there are letters between the governments which in effect legally form the agreement. With our legal representatives we are in the process of working out the terms of the final agreement. In the meantime I am informed that the letters between the two governments have the legal effect of an agreement.

As for the changing of the wording of the vote to cover such things as bridges in Newfoundland, New Brunswick and Saskatchewan, and the special deal in Ontario, I think we can take that under consideration. But the putting in of the bridges was well known to all of the officials and I think it is legally sound, but I will inquire. I cannot give the answer off-hand.

Mr. McIlraith: The point I am making in both cases has not to do with the appropriateness of the particular works undertaken or whether or not the federal government should in fact contribute to them. The point has to do with the legal situation.

I want to pursue the point about the highway in Manitoba. I understood the minister to say that there had been an exchange of letters between the province of Manitoba and the federal government as to the roads to resources program, and I take it from his remarks he expects the agreement will be signed shortly. My question is this: Did he, or did anyone, raise the point I have raised and did he obtain a report from justice, or indeed from any other authority, as to the propriety of his spending the money provided under the vote I have mentioned before the agreement was signed? I do not think there is any legal authority for expending it before the agreement is signed. I could be wrong. I do not set my opinion up against another opinion; if one has been obtained, I would like to see it.

Mr. Hamilton (Qu'Appelle): As I understand it, the legal authority for the vote cannot be applied for unless the work is finished. No money has been spent under these votes because the money will not be paid until the agreement is signed. There is one exception, which was taken up with treasury board officials, because it was work that had been completed entirely on one portion of a project in Saskatchewan. They asked for an advance and we gave them an advance on it; but legally you cannot pay until the agreements are signed.

Mr. McIlraith: That is precisely my point. Then some money was paid before there was legal authority. What protection is there? I want to make myself perfectly clear in this. My concern arises out of what I fear to be a loosening up of the financial control by the commons over expenditures. I think that is very important and a rather basic matter in our parliamentary system. We had a case the other day in the Department of National Defence where an expenditure was being made on the termination of a contract that had been terminated last year; but it was being provided through a vote for the acquisition of materiel. I pointed it out to the minister and he undertook to have the point looked into. Then the debate today and last night on this same point rather alarmed me. In addition to the two instances I have mentioned the minister has said that there was an expenditure made in Saskatchewan, although there is no agreement with Saskatchewan. I wonder whether the minister will have this whole practice looked at and get a legal opinion on it?

Mr. Hamilton (Qu'Appelle): I shall be glad to, but I would think that the members of the treasury board before whom I placed this application of Saskatchewan for an advance payment would have examined into the legal implications of that payment, Mr. Chairman. It was discussed by the officials of treasury board, with full treasury board, and it was agreed upon. I shall be glad to look into it again.

Mr. McIlraith: I hope the minister will not find me too persistent when I say I do not find the treasury board infallible. I find it tending to be used very often as an excuse and sometimes blamed for a great many things. I must take the view that I neither regard them as infallible nor as the last word in any of these matters. I still think that parliamentary control is the last word in these matters of voting the taxpayers' money and must be preserved as the last word. The mere fact that treasury board said it is all right to do it may be the beginning of a very bad practice. I hope that he will not be too

respectful of the mere say-so of the treasury board, with all deference to it.

Mr. Bigg: Mr. Chairman, this whole question of roads to resources is something which is very close to the hearts of my constituents in northern Alberta. I am very pleased to see that there is some hope that the mines committee may go north, and I hope that they will look into the northern half of Alberta while they are touring the north country because the transportation facilities up there are just about unbelievable. McMurray and Waterways are 150 miles from the nearest road, and our province is so vast that it is apparently outside the ability of the provincial legislature to build roads into those outlying communities where the population is small but the need is great.

I am only too pleased to see that the policy of the northern affairs department is flexible enough to provide such things as access bridges which make it possible to get onto what roads they do have in the north country.

We have another bottleneck apart from the physical bottleneck and that is the political one. The government of Alberta refuses to build roads into the north for reasons perhaps best known to themselves. I represent this great northern community but it is very difficult for me to get transportation facilities into those northern districts without emphasizing the needs to the northern affairs department in the hope that the roads to resources program may give them the only hope they have for a road. This also has a bearing on the question of building a railway up through my constituency. I have been accused at times of not pressing this railway as vigorously as I should. This is not the point. A good road into McMurray and Waterways would drastically reduce freight rates into the north and this would speed up the development of the whole of the north country from McMurray and Waterways right clean down to the Mackenzie delta and the whole of the Canadian shield. It is my considered opinion that a good all-weather road north between Edmonton and McMurray would do more to reduce freight costs in that whole country than anything else we could do. It may be significant that the only Liberal member returned in Alberta was from a provincial riding in my district where he has made himself vocal about transportation. These people, desperate as they are for transportation, saw fit to return a Liberal member to the legislature.

Mr. McIlraith: That was a good thing to do.

Mr. Churchill: What happened to the other 14?

Mr. Bigg: I am quite sure that if I had been able to promise them something from the dominion side the situation would have been different. Certainly it appears that if we rely on the Social Credit party to produce roads to the resources of the north we will wait a long time. I should like to suggest to the department that if the Alberta provincial government should make any suggestions as to building this road we should give them very careful attention not only politically but from the point of view of the development of the whole of the north country.

Mr. Martin (Timmins): Mr. Chairman, first of all I think I should take this occasion to compliment the minister at least on his industry and zeal. I cannot agree that he always makes the right moves, but then there is the old story that the only man who does not make a mistake is the man who does not do anything. Certainly I think the minister has shown considerable industry and zeal in the pursuit of his duties in the department.

I should also like to say that I think the standing committee on mines, forests and waters did an outstanding job both this year and last year in dealing with the estimates of the department. I think their actions have been an example that many of the other committees could follow.

This department deals with the far north and I prefer that description because the riding I represent has been known for many years as the "north" and we have always considered ourselves as such. When this new great northern vision came along in the last federal election the people of northern Ontario more or less got the feeling that they were being by-passed, that they were no longer the north. I do not know whether you would call that area the near north, but it seemed that all the direction and energy of the federal government with regard to this vision was concentrated on the far north and by-passed the northern part of Ontario.

Of course, it is true that the government has continued, as the former government did, the Emergency Gold Mining Assistance Act and has increased the assistance under that legislation. But many people, particularly in my riding, which possibly is affected as much as any riding in Canada by this legislation, have thought for a long time that rather than subsidizing these gold mines there might be other methods of using this money that would better implement the original intention of the legislation, that is, the maintenance and development of the mining municipalities of northern Ontario. That is why I was so pleased today, along with the hon. member

for Burnaby-Coquitlam, to hear the new policy announced by the minister. I think that the municipalities in the area I represent will certainly be very pleased to know that any assistance along this line may not necessarily be confined to more northerly regions and that if a case can be prepared justifying local assistance it will receive favourable consideration similar to that extended to Prince Albert, Saskatchewan.

However, Mr. Chairman, I think I should warn the minister at this stage that if any bridges are going to be built in northern Ontario he should keep a very close eye on them. We have learned from bitter experience in the past that bridges in northern Ontario by the Ontario government have a habit of disappearing and that although you may pay for them you are never able to find them. I suggest that if the construction of any bridges is embarked upon in this area the minister and his officials should keep a very close eye on them. Any assistance along this line will certainly be a terrific boon to the area I represent.

One thing that the area has needed for many years has been the opportunity to participate in the tourist industry but the industry has always fallen a little short of reaching our area. We are very hopeful that this situation can be corrected in the not too distant future. Certainly any consideration that the minister and his department can give to assistance along this line will be very much appreciated. We have all watched with some interest the recent development whereby the town of Timmins, which for many years has been known for its production of gold, suddenly became internationally known over night for its production of bears. I am sure that in the future that will stimulate the interest of many tourists in the area.

I should also like to endorse heartily the remarks of the hon. member for Timiskaming with regard to a port at Moosonee. If this very worth-while project is carried out the area I represent will no longer be the end of the line as it has been in the past. I think that possibly one of the greatest drawbacks to the establishment of secondary industries has been the fact that the area was the end of the line, and if the project to establish a salt water port at Moosonee is ever embarked upon it will have very beneficial effects.

Possibly one of the biggest shadows hanging over any mining municipality is the fact that the gold, or whatever the mineral is, is an expendable resource. There is always hanging over people's heads the thought that some day, be it ten years or fifty years from now, the ore will be exhausted in the area and, of course, that creates a sense of urgency with respect to the need for other industries and occupations to take up the slack which inevitably will come. Any development of the port or of the area leading up to the port of Moosonee will lead to new mineral exploration so that the secondary industries may very well be new mineral projects.

I should also like to endorse the remarks of the hon. member for Skeena when he warned the minister to guard rather carefully our resources which, to use the minister's own words, we hold in trust for future generations. In today's *Globe and Mail* I noticed something which bears this out very well. I do not know whether hon. members have read this article on page 7 of today's paper. It deals with the big nickel development in northern Manitoba. It is a fantastic story, one which most people would never even dream could happen in Canada today. I should like to put a few excerpts from the article on *Hansard*. It deals, of course, with the giant company that put up $175 million to develop this resource in northern Manitoba.

The provincial government was so delighted to see this new industry established that they leaped before they thought. They tied themselves up under agreements and it did not take very long for them to rue the day. In fact, I believe even before the industry had gone into production they were finding, to their grief, they should have been a little more careful before they signed this agreement. The article deals with a member of the provincial legislature who wanted to go into the area to see what was transpiring in this new municipality of Thompson in northern Manitoba. Here is what happened, and I shall read from this article:

> He telephoned Inco at Winnipeg.

This was to procure a train ticket to go into this area. He was told no by a company executive.

> Mr. Orlikow could not go to Thompson: There wasn't room for him there. Under the agreements the company owned everything. The railways could not even sell a ticket into Thompson, except to persons with a company pass.

Of course Mr. Orlikow, the provincial M.L.A., did not possess this pass. Then, when he decided to go in anyway, according to this article, he found that he could not rent a room because all the buildings were owned by the company and the people did not feel free to rent him a room. So he wanted to know if he could buy a tent and camp in the town.

The article reads:

> No, the town's zoning regulations prevented camping. Could he camp across the river from the town? No, under the agreements, the town controlled all such practices in the vicinity, even though, of course, it was crown land.

Then farther down on the page we find this:

Provincial officers went to Thompson to arrange a poll in the provincial election. No, said the company, there could be no poll on company property. It had to be a mile away. The result: 50 of Thompson's 1,000 voters cast ballots. A new inquiry has been started by the municipal affairs department to see what the election act has to say about that.

This illustrates very clearly the point raised by the hon. member for Skeena this morning to the effect that great care must be taken, and we must not leap in too quickly in signing agreements which could lead to situations such as this. The hon. member for Skeena mentioned what may happen 50 or 100 years from now, but here we have an example of what happens a few years after such an agreement is signed. In fact, the closing paragraph of this article poses a very significant question:

The question government lawyers want to answer: Just how much can you buy with $175 million?

So, Mr. Chairman, I would once again say how much we welcome the new policy the minister announced this morning. However, there is one thought that occurs to me. I understand that one province has already signed an agreement with the federal government with regard to these roads to resources. Now we find a new policy has been announced from that which I imagine was on the table during the discussions with the province that has already signed. I think this may hinder or further delay the signing of agreements with other provinces because when they see this change they will hope that there may be further changes in the future, and this could lead to considerable delay of this worth-while project in connection with roads to resources.

Mr. Caron: I should like to say just another word in connection with the bridge in the city of Prince Albert. I was wondering why the federal government was so generous to a city which is 150 miles away from the first road to resources. I should like the minister to confirm to us the truth or falseness of what a Conservative member told me. He said this generosity was to make an alliance between the C.C.F. and the Conservatives so they could more easily defeat the Liberals in that province.

Mr. Pickersgill: Mr. Chairman, I was wondering, too, whether perhaps the transaction could be summarized in another way. Perhaps this bridge was not so much for access to natural resources as for the conservation of political resources. I did not rise to discuss the bridge in Prince Albert, and I do not intend to make a speech. I am sure that will be very reassuring to the hon. member for Cariboo. However, if I may borrow a phrase used by the hon. member for Cariboo this morning, in one of the windier answers given in this house by the minister—it is rather difficult to compare one of the minister's answers with another on that particular score, but this one was exceptionally inflated—given on June 10 to a starred question asked by the hon. member for Grand Falls-White Bay-Labrador, we find the following. The question reads as follows:

Have any measures been taken since March 31, 1958, to implement a national development program of federal assistance for developing the resources of the Atlantic provinces,—

You will note the limitation upon the question, since March 31, 1958.

—having regard to their differing needs and varying financial capabilities.

I have no doubt the hon. member for Grand Falls-White Bay-Labrador used that language because, although it is rather windy, it happens to be the precise language that was used in the Atlantic manifesto of the Tory candidates in the 1957 election. We were naturally anxious to find out how much had been done toward carrying out these windy promises. The minister then took it upon himself to answer this question:

If so, what are those measures?

I am not going to read this long, windy answer. I am only going to give you two or three examples of the things the minister claimed to have done since March 31, 1958. One of them was the Maritime Marshland Rehabilitation Act, which was put on the statute books, of course, when the Liberal party was in office; another was the Maritime Freight Rates Act, and so it goes. One could give a number of similar examples of the things the minister claimed were done since March 31, 1958.

Mr. Hamilton (Qu'Appelle): They were increases.

Mr. Pickersgill: All of these items were of somewhat earlier origin, and I was going to ask the committee if I could have permission of the committee—the minister said they were all increases.

Mr. Hamilton (Qu'Appelle): Over what the Liberals gave.

Mr. Pickersgill: If I could have the permission of the committee, I should like to place on the record a document which was prepared in the office of the economic adviser, Department of Trade and Commerce, for a seminar of the Atlantic provinces council at Fredericton on September 14, to 16, 1955. This document is entitled "Federal Government Assistance Programs in the

Atlantic Provinces". It seems to me in view of the claims that have been made if we could have this basic information available in *Hansard* we would then have a background to which to refer what has been done since that time. I wonder if I could have the permission of the committee? I could, of course, read it.

Some hon. Members: No.

Mr. Pickersgill: I would be perfectly within my rights to read it.

The Deputy Chairman: Has the hon. member unanimous consent of the committee to put this document on the record?

Some hon. Members: No.

Mr. Pickersgill: I think perhaps I could read it within the half-hour allotted me, if that is the preference of the committee, but I do not intend to take advantage of the rules of the house by doing that. I have not been extended a courtesy which I think I have invariably accorded so far as I was concerned to hon. members on the treasury benches ever since I sat over here. It is very exceptional, I might say, not to afford such a courtesy when a document is an official document. Since I have not that courtesy, thanks to the generous attitude of the Minister of Trade and Commerce who is now leading the house and who is not very pleased with something that was produced in his own department—

Mr. Churchill: I am very pleased with what is produced in the department.

Mr. Pickersgill: —I shall just content myself with reading a list of the programs which are listed on this document and will not go beyond that point. But I think they will indicate fairly clearly that a great deal was being done in this field before the advent on the federal scene of the hon. gentleman who is now presiding over this department. The programs listed are as follows:

1. Transportation subventions—coal movements.
2. Subsidy payments on coal used in manufacture of iron and steel.
3. Coal production subsidies, loans and rentals.
4. Coal production assistance.
5. Export subsidy—coal.
6. Steamship subventions for coastal services.
7. Freight assistance.
8. Fishing bounty.
9. Bait service—fisheries.
10. Bounty for destruction of harbour seals.
11. Educational service for fishermen.
12. Industrial development—fisheries.
13. Assistance in construction of fishing vessels.
14. Construction of bait-freezing and storage facilities.
15. Assistance in reclaiming and developing marshlands of the maritimes.
16. Agricultural lime assistance.

[Mr. Pickersgill.]

That is another thing that the minister claimed credit for in his answer he gave the other day.

17. Freight assistance on western feed grains.
18. Assistance—cheese and cheese factories
19. Premiums on hog carcasses.
20. Assistance in removal of apple trees.
21. Assistance in the construction of coal storage warehouses.
22. Canadian farm loan board operations.
23. Loans for farm improvement.
24. Forest protection, development and utilization.
25. Assistance to combat spruce budworm infestation.
26. Industrial development bank.
27. Assistance to defence industries.
28. General health grants.
29. National Housing Act operations.

Then there is a long list of projects which I should like to have put on *Hansard* but which I do not think—

Mr. Lambert: You had plenty of time earlier.

Mr. Pickersgill: I did not take that time earlier today. I recognized the fact that there were a great many hon. members, including some supporters of the government who wanted to speak and who do not speak perhaps as often as I do in the house.

An hon. Member: That is impossible.

Mr. Pickersgill: I waited until they had all had an opportunity before I had anything to say. I may say that I shall not forget the courtesy that I have been extended this afternoon.

Mr. Lambert: Neither will we.

Mr. Pickersgill: But notwithstanding that fact I shall not attempt at this time to put this list of projects on *Hansard*.

Mr. Hamilton (Qu'Appelle): Put on the figures that were put on these things compared with the figures when you were in power.

Mr. Pickersgill: I would have been very happy to do so if hon. gentlemen opposite had accorded me the courtesy sought. I am quite willing to read them in.

Mr. Aiken: I rise on a point of order. This matter has been mentioned two or three times and I should like to clear it up now. The objection did not come from the treasury benches. I think that point should be clarified. It came from some of the backbenchers.

Mr. Pickersgill: The objection came from the Minister of Trade and Commerce—

An hon. Member: It was unanimous.

Mr. Pickersgill: —and he was ably seconded, as he so often is, by the hon. and distinguished member for Victoria.

An hon. Member: He was not even here.

Mr. Pickersgill: I am sorry; I did not hear the hon. gentleman's intervention.

Mr. McPhillips: Mr. Chairman, may I say that I had nothing to do with this matter. I was not in the committee when this incident occurred.

Mr. Pickersgill: I understood the hon. gentleman to be expressing his approbation when he made his intervention; but if I have done him any injustice I will, of course, apologize.

There is one aspect of this answer that is extremely curious indeed and that is that it does not mention any project that was started after March 31, 1958. It is true—and I want to be quite fair to the hon. gentleman—that it does mention the Atlantic provinces grants and it also mentions the Atlantic power development, both of which were, of course, initiated before March 31, 1958. But the one thing that is very clear from these several pages of *Hansard* which the Minister used in purporting to give an answer to that question about what was being done by the government is that, in fact, nothing new whatever has been undertaken since March 31, 1958. That is the point that I wanted particularly to draw to the attention of the committee. I should like also to draw the attention of the committee to the fact that the minister was accorded the courtesy of putting on *Hansard* a long answer without being asked to read it.

I now come to another question that was answered by the minister. This was a question answered on July 1 and asked by the hon. member for Restigouche-Madawaska or rather, it was asked by the hon. member for Gloucester. The hon. member for Restigouche-Madawaska is not very often here. The question was:

1. What is the total amount of money provided in estimates for advances in accordance with agreements entered into or to be entered into pursuant to the Atlantic Provinces Power Development Act, for each of the fiscal years since the said act came into force?

The answers given to that question are, of course, in conformity with what appeared in the estimates and I do not think I need to burden the committee with them. The answers I want to draw attention to are the answers to the second and third parts of this question. The second part is as follows:

2. What is the total amount actually spent in the province of Nova Scotia for each of the fiscal years mentioned in question 1?

There is no answer to question 2 for the first fiscal year, namely 1957-58 so I take it that no money was spent. In the second fiscal year the amount actually spent was approximately $1,130,000 and that is all there is any record of actually being spent. But the minister, with that anticipatory quality which characterizes all his utterances, then refers to the fiscal year 1959-60 and he gives an estimate of what the claims may amount to, and that figure is $7,739,684.48. I must say that it sounds like extraordinarily close estimating when the year is not more than a quarter over. I wanted to draw attention to the fact that the result of this kind of misleading answer was the stories appearing in the press about $9 million for power this year. We have not any notion at all whether in fact—

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I rise on a question of privilege. Is the hon. member suggesting that I misled the house in giving information at to what we spent this year?

Mr. Pickersgill: The question asks what is the total amount spent. It does not ask for estimates of what may be spent.

Mr. Hamilton (Qu'Appelle): I am sorry to have to interrupt the hon. member again to ask him a pointblank question. I do not want any diversion. I asked him whether he is saying in the committee here that I misled the house by saying this is the amount of money that would be spent in the province of Nova Scotia this year.

Mr. Pickersgill: I am saying that the question—

Mr. Lambert: Answer the question.

Mr. Pickersgill: I shall answer it in my own way and I will need no assistance from the hon. member for Edmonton West. I do not think the minister will like my answer very much, however. The question which was asked and which he purports to answer was what was the total amount actually spent. This is the answer he gave.

Fiscal year 1959-60, (province estimates claims may amount to)—

That is not actually spent, and I say that that is a misleading answer and it is a very characteristic misleading answer from this minister. It is exactly on a par with describing applications as permits. I proceeded—

Mr. Churchill: Mr. Chairman, on a point of order, the expression the hon. member used, "a characteristic misleading answer", implies that the minister is continually misleading the house. I suggest that that expression should be withdrawn.

Mr. Chevrier: On the point of order, Mr. Chairman, it has been stated in this house repeatedly by members on both sides of the house that other hon. members had mislead the house, and the Chair, as well as the

Speaker, has not required the so-called offending member to withdraw those words because they are not considered unparliamentary.

The Deputy Chairman: I did not hear the hon. member say that the minister had deliberately done so-and-so.

Mr. Churchill: On the point of order, Mr. Chairman, the words "characteristic misleading answer" imply that this is a constant practice—

Mr. Pickersgill: Well, it is.

Mr. Churchill: The hon. member says it is, and therefore I say that he must withdraw that statement.

Mr. Pickersgill: I am not imputing any motives of any kind. I have read an answer to a question which asked for facts, and the answer gave estimates. I say that is a misleading answer. I am not saying that the minister deliberately intended to mislead us; he may have been just confused. In fact, I am more inclined to believe the latter than the former. But I am saying that the answer is misleading, and it is just as misleading as the sort of thing we had this morning, and it is just as misleading as describing applications as permits.

Mr. Hamilton (Qu'Appelle): All I can say is that if the hon. member picks his own practice the house will judge it—

Mr. Pickersgill: The minister may reply when I have finished.

Mr. Lambert: Finish now, Hurricane Jackson.

Mr. Pickersgill: I started to say when I was interrupted by the Minister of Trade and Commerce that I presided over a department which is now presided over by the hon. lady from Hamilton, where we had many thousands of applications from people every year to come to Canada, but it never occurred to me to count all those applicants as immigrants. But the minister gets applications for claims up in the Arctic islands and calls them permits. I submit that is in fact misleading. Whatever the minister's motives may be, that is what I am talking about, this constant suggestion that something that may or may not happen in the future has already happened. I know that people who have served in opposition as long as the hon. gentleman did get the habit of thinking that when they say something it is equivalent to an action; but you find when sitting on the treasury benches that if you have not facts to back up these assertions you get yourself into precisely the kind of trouble the minister himself admitted he got the Prime Minister into in Montreal on May 8.

Mr. Lambert: You should know.

Mr. Hamilton (Qu'Appelle): When will you start telling the truth?

Mr. Pickersgill: I suggest he has done exactly the same sort of thing in these answers in the house. In actual fact nothing new whatever has been done. Nothing new whatever has been initiated since March 31, 1958 in the Atlantic provinces to implement that pledge which was made in 1957.

Mr. Hamilton (Qu'Appelle): Utter nonsense.

Mr. Pickersgill: To find out was the purpose of these questions. Now I want to come to the third question, and that is—

Mr. Churchill: What is the page in *Hansard*, may I ask?

Mr. Pickersgill: Page 5328, *Hansard* for July 1. The third question is:

> What is the total amount actually spent in the province of New Brunswick for each of the fiscal years mentioned in question 1?

Of course there is no amount spent in the first of the three—no, I beg the minister's pardon, there was a small amount spent in respect of the first fiscal year, that is 1957-58, though it is noted that that payment was made on February 6, 1959. I do not understand the accounting practices which make it possible to do that. I understood you could make payments up until about June and charge them to the previous year, but it seems rather a long time to be making a payment on February 6 and charging it to the previous fiscal year. But there is conceivably an explanation, and it is probably that the province incurred that expenditure and that this was a reimbursement, and if that is the explanation I certainly would not say it is necessarily misleading. Then for the fiscal year 1958-59, transmission facilities were $364,000. Coal subventions were $562,000, and then there is an item called "Claims on hand". I do not know whether that is supposed to indicate that there has been an expenditure made or that that is some expenditure which the minister expects to make, but since he was asked what expenditures were actually made it would seem to me that unless that represents actual money paid out it is misleading. Then for the fiscal year 1959-60, there is a coal subvention of $83,000. I do not know whether that is an actual payment or an estimate. Then there is another item called "Province's estimate", but it does not even say what it is the province's estimate of. I want to point out again that these items are supposed to

represent the answer to a question asking for actual money paid out, and that the most substantial amount, all but $8 million of something over $10 million, is for something called "Province's estimate", and another is for "Claims on hand" about which it is very hard to make everything.

The fourth question is:

Of the amounts mentioned in questions 2 and 3, what sum has been spent (a) in Nova Scotia; (b) in New Brunswick, for the construction of thermo plants?

This is the answer:

(a) It is estimated that $3,459,883.00 may be paid—

May be paid.

—in 1959/60 in connection with a 20 megawatt thermal plant at Trenton.

In other words, evidently nothing whatever has been paid, because I am sure if anything had the minister would have told us.

(b) It is estimated that $5,632,953.00 may be paid—

May be paid.

—in 1959/60 in connection with the East Saint John plant.

Now, we have been told at other times by the minister that there is no agreement whatever with the province about this East Saint John plant. We were told last year by the Minister of National Revenue that nothing would be paid for that East Saint John plant unless it used coal. The Minister of National Revenue gave a categorical undertaking in this house that in no circumstances would the federal government pay any sum whatever for that plant unless it used coal. We do not know whether it will use coal. We do not know whether there will be any agreement, or whether any federal money is going to be paid. I do not know whether there is an agreement about the Trenton plant. I do not know whether we have ever been told. But I do say that here again we have another example of this minister inflating things which may or may not happen and representing them in language which gives the impression that it is something that already has happened. It was to correct the record, sir, that I took the time of the committee.

Mr. Howard: Before this vote passes, perhaps I might have dealt with this question under another item, but I think this might be a more appropriate place to deal with it. I understand the department in some respects has jurisdiction with respect to Indians in the Northwest Territories and the Yukon, and I wonder if the minister might be able to explain the line of demarcation of authority as between the Indian affairs branch and his own department so far as Indians in the Northwest Territories and the Yukon are concerned?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, we have nothing to do with Indians in the Northwest Territories with the exception of education, and there is an agreement between the commissioner of the Northwest Territories and the Department of Citizenship and Immigration with regard to Indian education.

Mr. Howard: Then education comes under the Indian affairs branch?

Mr. Hamilton (Qu'Appelle): There is an agreement with the department of northern affairs.

Mr. Howard: I wonder if the minister would explain, again, what that agreement is. I understood him to say there is an agreement between the commissioner of the Northwest Territories and the Department of Citizenship and Immigration.

Mr. Hamilton (Qu'Appelle): And, of course, there is another agreement with us, and under this agreement we look after the education of Indians within the territories.

Mr. Howard: Is there any liaison or consultation with the educational division of the Indian affairs branch in so far as a uniform curriculum is concerned?

Mr. Hamilton (Qu'Appelle): In the Northwest Territories we have one curriculum for Eskimos, Indians and whites. There is no liaison as far as I know in regard to education with the Department of Citizenship and Immigration.

Mr. Howard: Would that curriculum be comparable to the curriculum established and operated by the Indian affairs branch, or to one established in a particular province, or in all the provinces?

Mr. Hamilton (Qu'Appelle): Generally speaking, the curriculum in the Northwest Territories is fashioned more closely on that of Alberta than on that of any of the other provinces, but we are trying to make it a satisfactory curriculum suitable to the children of all races in the Northwest Territories, planned to meet their needs and not the needs of a province.

Mr. Peters: Before this item passes I should like to ask the minister if he could give the committee a report on what is being done in the port at Moosonee.

Mr. Hamilton (Qu'Appelle): This matter has been discussed between the government of Ontario and the federal government on numerous occasions. It is mostly a matter for the Department of Public Works. The Department of Northern Affairs and National Resources is interested in the resources of the Belcher and Nastapoka islands and the

continental shelf in James bay and Hudson bay, but at the present time no decisions have been reached.

Mr. Pickersgill: I have one question which I wish to put to the minister. I do not ask for an answer immediately, but perhaps he could let us have it before the estimates are concluded. Would the minister give an answer on exactly comparable basis to the answer he gave on March 9 to the hon. member for Mackenzie River, giving a breakdown for the total number of permits granted on the mainland up to the present time? The figure was for about three million acres and I think that on March 9 the minister gave a total figure of something like 60 million acres for which permits had been granted. If the hon. gentleman will give the breakdown for the 60 million acres, exactly as he gave it for this three million acres, or whatever the proper figure is, I should be glad to have that information.

Mr. Hamilton (Qu'Appelle): I have not the necessary information handy for March 9, but the information that I gave last night for the whole of the oil and gas permits in the Northwest Territories and in the Yukon—and I will be very cautious and say that this includes the applications for permits as well—I will now give—

Mr. Pickersgill: For the mainland.

Mr. Hamilton (Qu'Appelle): —and for permits granted.

Mr. Pickersgill: And for permits granted.

Mr. Hamilton (Qu'Appelle): Only. I want to make it very clear so that everyone understands what I am talking about. This tabulation here is dated about June 15 because it changes every day and you have to have some cut-off date. This is about June 15. On the mainland, up to July 1, 1957—it is divided into two categories—United States companies, 10.9 per cent; after July 1, 33.22 per cent. Canadian subsidiaries, before July 1, 30.7 per cent; after July 1, 30.06 per cent. Canadian companies, before July 1, 1957, 30.7 per cent; after July 1, 1957, 29.32 per cent. United States citizens, before July 1, 17.2 per cent; after July 1, .74 per cent. Canadian citizens, before July 1st, nil; after July 1, 6.06 per cent. Joint holdings, before July 1st, 10.5 per cent; after July 1st, .60 per cent. I have not given the acreage. These figures are for the mainland only and do not include the reservations or the applications for permits on the islands to the north or areas in the territorial waters.

Mr. Pickersgill: That is for the total acreage for which permits have been granted on the mainland up to the date the minister gave.

[Mr. Hamilton (Qu'Appelle).]

Mr. Hamilton (Qu'Appelle): Up to that date.

Mr. Pickersgill: And the minister has not the figure for the total acreage. If he would give it later it would be appreciated.

Mr. Hamilton (Qu'Appelle): Does the hon. member want the acreage figures under that classification?

Mr. Pickersgill: Oh no, the total will do.

Mr. Hamilton: The total acreage prior to July 1, 1957 was 18,794,504; the total acreage after July 1, 1957, is 60,942,006.

Mr. Hardie: Does that include the six million acres in the Peel plateau?

Mr. Hamilton (Qu'Appelle): No. The reservations before July 1, 1957, were 6,133,760.

Mr. Hardie: Would the minister agree that prior to July 1, 1957, including the Peel plateau reservations, that acreage, as I pointed out to him in committee, was controlled 51.7 per cent by Canadian companies and 48.3 per cent by United States companies; and that since July 1, 1957 United States companies have control of 63.6 per cent of the acreage and the Canadian companies have control of 36.4 per cent.

Mr. Hamilton (Qu'Appelle): The hon. member has his own figures and he has joined them together in the way he wishes. If he wants to call a Canadian company which is a subsidiary of a United States company a United States company, he can go ahead, but those are not my figures. I will have nothing to do with them.

Mr. Hardie: I do not think we have got this clear yet. I asked if the six million acres in the Peel plateau reservation had been included in the hon. member's figures and he said, no. The Peel plateau reservation is controlled by Canadian companies who have been operating in this country since about 1952, I think. It would be only fair that if you are going to total the acreage given out by the former administration prior to July 1, 1957 you should include the six million acres of the Peel plateau, and if you do that, then it can be seen that before July 1, 1957 United States companies had control of 48.3 per cent of the total acreage while for the amount of acreage granted between July 1, 1957 and June 15, 1959, the date I think the minister mentioned, United States control increased from 48 per cent to 63.8 per cent.

Mr. Hamilton (Qu'Appelle): If the committee would like to have a full record I would be glad to table this, or put it in as part of the *Hansard* record.

Mr. Pickersgill: I am afraid I would find it very difficult to agree to that.

Mr. Hamilton (Qu'Appelle): That leaves me no alternative but to point out that if the hon. member is going to put on to the record the figures on the mainland where there is no kind of sovereignty involved whatsoever—I must repeat what I said this morning, namely that in the area which could be considered sensitive, under the present government, the interest held by Canadian companies is: Canadian subsidiaries, nil per cent; Canadian companies, 32 per cent; Canadian citizens, 36 per cent. If you add these all together it would come to roughly 68 per cent. I think that would be accurate. Therefore, I can say that in the sensitive areas under the present government 68 per cent is held by Canadians or Canadian firms and their subsidiaries and of the remainder, 12 per cent by Americans, 14 per cent by American citizens and 3 per cent by British companies. I repeat what I said earlier today. These percentages are not the key thing at all. When it is offered and the oil comes into lease and we see what happens, then we shall know. I am not going to allow the hon. member to send across the country information that he has compiled from his own figures.

Mr. Pickersgill: How can the minister say that these are held when he says all he has are applications and not a single permit has yet been granted?

Mr. Hamilton (Qu'Appelle): He will never understand it, Mr. Chairman. Just as he said this morning that I was misleading the committee, his very answer has convicted himself because he did not understand my answer and he must assume that every person but himself is a moron because he understood it. I would say that 99.99 per cent of the rest of the people understand it if he can understand it.

Mr. Pickersgill: I can understand this, sir, that when I apply for a job I have not got a job until I have been given it.

Item agreed to.

262. Northern research co-ordination centre, including a grant of $10,000 to the Arctic Institute of North America; and an amount of $5,000 for grants in aid of northern research subject to allocation by treasury board, $96,785.

Mr. Hardie: Mr. Chairman, on this item I should like to say something about the report of the committee on mines, forests and waters in regard to this branch. In this debate we heard something about this report and recently in the newspapers, on television and radio, about the report of the mines, forests and waters committee in regard to research in northern Canada as it comes under the northern research co-ordination centre of this department. I should like to quote from paragraph 24 of the report of the committee:

> It became clear during the examination of the estimates of the northern administrative branch that the government policy in the north over many years has been a vacillation between inaction and reaction—inaction in not doing the things that obviously were required to be done, and reaction in doing things only when we were pushed into them by the activities of other countries.

Mr. Chairman, during the committee hearings in this particular regard the total evidence can be found on pages 467 to 470, inclusive, and this evidence is the evidence of one witness. Only one witness was called before this committee, namely Mr. Rowley, the chief of the northern co-ordination centre. In any event, the first part of paragraph 24 is apparently substantiated by questions and answers in the proceedings of the mines, forests and waters committee at page 467, which read as follows:

> Mr. Nielsen: Mr. Rowley, would I be correct in saying that policy in the past has been a mixture or perhaps a vacillation between inaction and reaction—inaction in not doing the things that obviously had to be done and reaction in doing things only when we are pushed into them by the activities of other countries.

This was the first question asked Mr. Rowley. Not one bit of evidence had come before the committee at that time. I ask members of this committee, is this a question, or is this an observation by the hon. member for Yukon that is based on any evidence? In any event, Mr. Rowley answered as follows:

> Yes, Mr. Chairman, I think it is a fair statement that most of the research which we have carried out was initiated and appears to have been inspired by outside influence—by a fear that other people would do it, or an obvious need to keep up with one's neighbours.
>
> The Chairman: You mean other countries, Mr. Rowley? You mentioned "other people"; you mean other countries?
>
> Mr. Rowley: Yes, largely other countries.

This is all the evidence that was taken in this committee on mines, forests and waters on which to base this part of the report. The wording is entirely the wording of the hon. member for Yukon in an observation he made in the form of a question. The next sentence in the report of the committee says:

> Judging from what has been done in Canada's north the government policy has fallen far short of being adequate in almost every aspect of research. Where Canada should have been a leading nation in northern research we have fallen behind. Improvements in recent years have been made, but much too slowly.

We will go back to the evidence before the committee, Mr. Chairman, and we will find that this statement is apparently substantiated by evidence which appears on page 467 of the committee proceedings, a

question by the hon. member for Yukon to Mr. Rowley, which reads as follows:

If this is not too sweeping a question to ask you, Mr. Rowley, just what do you conceive to be Canada's responsibility as a polar nation; first, in so far as resource development is concerned—well, let us stick to the item, in so far as scientific research is concerned for the area north of the 60th parallel?

Mr. Rowley: Well, I think, Mr. Chairman, that it is quite obvious we have a large core of the Arctic region, and with our possession of that part goes the responsibility of carrying out a full program of research. As we have a very large part, I think we should be a leading nation in so far as research in the Arctic is concerned.

Mr. Nielsen: Have we been a leading nation in this field for the past 10 years?

Mr. Rowley: No, Mr. Chairman, we have not been a leading nation. I think we have been improving our position. We have been doing more since the war. We have been increasing the amount we have been doing, but we started from virtually nothing.

Mr. Nielsen: What in your view would be the reason for not taking the lead in this research; would it be a lack of funds, a lack of attention, or what would it be?

Mr. Rowley: Of course, it has been a lack of funds and a lack of people; but I think one must remember in saying this, that it is a particularly large country with a comparatively small population, and the demands of the rest of the country are very pressing, which has had the effect of putting research in the north in the background. There are so many things more pressing, more immediate, and more obviously of practical importance that research in the north would sometimes fall behind.

Now, this portion of the evidence seeks to substantiate the sweeping statement in the recommendation of the committee. On the rest of the page there is a question about Mr. Rowley ever having been in the Arctic, and he had been. Then I find the following on page 468 of the proceedings of the committee:

Mr. Nielsen: Are you familiar with Captain Joseph Bernier's work in the Arctic years ago?

Mr. Rowley: Yes, I am familiar with that.

Mr. Nielsen: I believe he died in 1934. Do you feel we have made any substantial progress in our Arctic areas, since the death of Captain Bernier, along the lines on which he was thinking?

Mr. Rowley: Yes, we have made substantial progress, Mr. Chairman. Captain Bernier really was carrying out exploration and he was the end, in many ways, of one phase. He really came into it too late, because most of the original exploration had been carried out by the time he came along. This exploration has taken a different form since; it is a scientific exploration, dealing with the details of various scientific disciplines, rather than finding out where the land and water lie. Since then we have done quite a lot, and I think the geological survey particularly has been the most active agency in the government in this respect.

Mr. Nielsen: Do you find you are restricted in the department with what you want to do or what you feel we should be doing in the Arctic because of restrictions placed on other departments, because of inability to obtain information from other departments such as that of mines and technical surveys?

[Mr. Hardie.]

Mr. Rowley: Do you mean so far as development is concerned and not so far as research is concerned?

Mr. Nielsen: Scientific research.

Mr. Rowley: Yes, I think we are. All scientific research depends on basic scientific data and there is a great shortage of basic facts about the Arctic. I think this goes into all phases of research and it affects all development, either resource development or social development. We do not know enough facts. In the case of resource development, I think to some extent it is rather better because they are well established and have extremely effective agencies gathering facts. They are not gathering them as fast as we would like, but certainly this collection of scientific data is going on.

Then, section 25 of the report of the committee reads as follows:

There are insufficient field laboratories in Canada's northland to accomplish adequate research. Small research laboratories or stations established in various northern localities are essential if we are to discharge our responsibilities in obtaining basic scientific data for development purposes.

In this regard the hon. member for the Yukon, immediately after the words I have just read, went on:

Mr. Nielsen: Do you feel we have sufficient field laboratories in the north to accomplish the gathering of this scientific information?

Mr. Rowley: No, Mr. Chairman, my opinion is that we do not have sufficient field laboratories. I do not want to imply that I support large research laboratories in the Arctic; I would sooner call them stations. I prefer small stations, because in due course one exhausts the scientific possibilities of an area. I do not think we have enough small scientific stations in the Arctic, stations to which scientists from various disciplines can go.

Then the hon. member for Okanagan-Revelstoke asked Mr. Rowley what type of research they would carry on. He said that as he came from the south he did not understand the type of research that might be carried on in the Arctic. He asked Mr. Rowley what type of research would be carried on and Mr. Rowley answered:

Mr. Rowley: Well, Mr. Chairman, I would like to see the stations concerned, first with the collection of what you might call the natural history of the area, and expanding that to the study of biology—the relationship between the animals and the vegetation, and I would also see the stations used as a basis from which investigations in other disciplines could be carried out—in archaeology and so on.

There is very little more in the evidence of the committee in this regard except that there were some questions about the depletion of the caribou and what scientific research might be done to indicate the reasons for this. There were also a few words about herding muskox, reindeer and buffalo, I think. Then there was a question about the Arctic institute of North America, and so on. But this is all the evidence that came before the committee on which the committee

made the sweeping recommendation that we find in its report. That is all the evidence we received. Only one witness was called. Although I agree with some parts of the report, I cannot agree with a sweeping recommendation such as this one made on the basis of the evidence we obtained. I do not think we have any evidence. As a matter of fact, I think that in most cases words were put in the witness' mouth and then written directly into the report in the same wording. As a matter of fact, it looks to me very much like a prearranged deal.

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

Mr. Hardie: Yes, sir.

Mr. Aiken: Was the hon. member on the steering committee of the mines, forests and waters committee?

Mr. Hardie: You can sit down. No, sir.

Mr. Aiken: Did the hon. member attend when the report of the committee was drafted?

Mr. Hardie: I told the chairman that the report would be passed on division and that my support would not be recorded in favour of it.

Mr. Aiken: I merely asked if you were there.

Mr. Hardie: I was there. I told the chairman. I am not going to go over the whole report but I should like to refer to section 28, paragraph (b), which reads as follows:

> Your committee expresses concern that . . . the projects which are undertaken on the basis of past policies will result in the setting of standards which are unnecessarily high.

Then, section 29 reads as follows:

> For instance, the standard of facility provided for the education of native northern children has been quite high. The hostel at Fort McPherson, the various buildings at Inuvik, and similar undertakings in other northern locations are examples in point.

I went through the evidence of the committee from one end to the other, Mr. Chairman, to find out on what they based this recommendation and how the hostel at Fort McPherson came into the picture. There was only one question in the whole of the evidence before the committee and that question was as to the cost of the Fort McPherson school. I forget the exact answer but I think it was something like $1,200,000. There was not another question. They did not know the size of the hostel, how many pupils there were, was there a playroom or an auditorium. They did not know how many cubic feet there were. There were no questions and no answers and yet they make this type of recommendation to the house.

As far as the buildings at Inuvik are concerned, there was no evidence given before the committee to justify this sort of sweeping statement. There is no evidence whatever. Look through the committee reports. I hope the minister will read them if he has not and tell us whether or not he agrees with the type of sweeping statement I have referred to in sections 24 and 25 and particularly in section 28.

I am not going to go through the rest of the report. I did not intend to take too much time on this matter but I want to point out that in my view the committee on mines, forests and waters had no right to bring in recommendations such as the ones to which I have just referred because there is no evidence in the committee reports to substantiate sweeping recommendations of that sort.

Item agreed to.

263. Contributions to the provinces, pursuant to agreements entered into with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments, $1,500,000.

Mr. Caron: May I ask the minister if the province of Quebec has entered into any agreement with the federal government for campgrounds and picnic grounds?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Item agreed to.

National parks branch—

270. Canadian wildlife service—wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $686,739.

Mr. Hardie: I wonder if I could ask the minister if he could give the committee a progress report on the studies being made in the north in regard to the depletion of the caribou?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the studies of the declining caribou herds in the north have been fairly well completed. The conclusions reached, in brief, are that the situation is very serious and that strong measures will have to be taken if the caribou herds are to be saved. The department is now in negotiation with the governments of the three prairie provinces, the government of the territories and the Department of Citizenship and Immigration to see if agreement can be reached whereby these strong measures would be successful.

Item agreed to.

Water resources branch—

271. Administration, operation and maintenance, including Canada's share of the expenses of the international executive council, world power conference, $1,389,466.

Mr. Howard: Mr. Chairman, I wonder if I might, under this vote, inquire of the minister whether the Fraser river board has been reconstituted or if the cabinet has approved the re-establishment of the Fraser river board? Who are the personnel of the board, and what are the terms of reference, if that has been established by the cabinet?

Mr. Hamilton (Qu'Appelle): Both governments have agreed and are disposed to reconstitute the Fraser river board. However, the terms of the agreements are being worked out between the two governments.

Mr. Chevrier: I wonder if I could get some information from the minister concerning a statement that was made recently by Robert Moses, president of the New York state power authority. This is a matter which comes under the jurisdiction of the minister. He said recently that there were billions of gallons of water that were going to waste because of the inability of certain boards to come to a decision concerning the regulation of the flow of the water in the international section of the river. I know that one of these boards is under the jurisdiction of the minister. It has to do with the method of regulation of certain waters in the international section. I wondered what the minister had to say in connection wtih the statement made by Mr. Moses, and whether or not the method of regulation as approved by the international joint commission is operating effectively?

Mr. Hamilton (Qu'Appelle): This matter came up in the house a year ago. I can only add at the present time that it is not working effectively. The hon. member will recall asking me about plan 1958-A and I believe —I am speaking from memory now but I have the officials here to verify it—that the international joint commission direction was that plan 1958-A be followed. This plan has not been followed. The federal government has formed an interdepartmental committee at cabinet level and at the official level and is trying to reach some understanding with the province of Ontario concerning the agreement of 1951.

Mr. Chevrier: I just have a few questions, if I may, in connection with this. The minister says that the plan is not working effectively. What means are being taken by the government or by the board over which he has jurisdiction to make the plan work?

Mr. Hamilton (Qu'Appelle): In the first place, on a question of accuracy, the board comes under the international joint commission; it is the St. Lawrence river board. The board reports to the minister of external affairs, but I am on the committee so I would have some knowledge of it.

The action we are taking is as I have described. We have formed a committee at cabinet and the official level and are negotiating with the government of Ontario.

Mr. Chevrier: Is the statement made by the chairman of the New York state power authority accurate?

Mr. Hamilton (Qu'Appelle): I think I am accurate in this, but I am informed they are operating under pre-project conditions and water is going over that could be stored. For that reason plan 1958-A, as set out, is not in operation.

Mr. Chevrier: The point is that the power development has been completed and it would be possible, I think from the information I have, to develop pretty close to the full potential in the international section. The chairman of the New York state power commission says that is not being done, and not nearly that amount is being developed. My question now is, why is not the power being developed in accordance with the agreement and the decision made by the international joint commission?

Mr. Hamilton (Qu'Appelle): The answer I can give to that is, first, the statement is correct, in fact, and water is going over, but also all the equipment that is in there is being used.

Mr. Chevrier: May I ask this additional question? I know that some of this is under the jurisdiction of other departments, but the minister said something about the Ontario agreement. I understand that the Ontario agreement is ineffective; is that the case?

Mr. Hamilton (Qu'Appelle): It is in effect.

Mr. Howard: I should like to leave a couple of thoughts with the minister in so far as the operation of the Fraser river board is concerned, and particularly some of the material contained in the preliminary report on flood control which was issued in June of 1958. I imagine that this preliminary report, like the interim report before it and the appendices, have been very carefully studied not only by this department but other departments of government of both the federal and provincial governments involved. There appears to be one matter dealt with in the preliminary report that would warrant action being taken on the material contained therein without waiting another three or four years until

the board has completed its studies, as I understand it will take that length of time when the board is reconstituted.

In order to give some of the hon. members an understanding of the length of the area that is contained by the Fraser river, perhaps I could just say that it is over 800 miles in length and that it drains an area larger than the four maritime provinces put together. It is the most important fish river in British Columbia and one of the most important fish rivers in the world. This is one of the points of conflict in British Columbia at the moment and the federal government is involved. I refer to the fish versus power question, and whether or not dams should be placed on any of the tributaries to the Fraser or on any parts of the Fraser itself. However, I do not want to deal with the question of the hydroelectric-fish problem. We dealt with that question to some extent in the marine and fisheries committee. I should like to deal with the question of flood control.

Certainly British Columbia members who are here will recall the disastrous flood that took place in the Fraser valley in 1948 and along other rivers on the coast; but we recall the one in the Fraser valley which was the most disastrous and caused untold damage to farm lands and to buildings, to people's savings and to the very economy of the Fraser valley itself. In fact, the assessed value of the land and improvements in the Fraser valley that our now protected to a limited degree by the dikes that were established at the time of the 1948 flood is estimated or was actually in 1956 over $113 million, the market value of this land and improvements being somewhere in the neighbourhood, as the report of the board indicates, of $283 million. This report deals quite extensively with the question of flood control. It relates a number of alternate ways in which we can deal with flood control.

Before proceeding to what I think the report indicates is the most economical and fastest way to provide flood control protection for the Fraser valley I should like to point out that following the flood of 1948 the federal government and the provincial government entered into a joint financing of the diking plan along the Fraser valley, with the federal government paying 75 per cent of the cost and the provincial government putting up 25 per cent and they had completed that work in a period of a little less than two years. I believe it was a year and nine months or ten months that it took to complete the full diking that was necessary or that they felt was necessary at that time.

This preliminary report of the Fraser river board points out that it is possible to bring these dikes up to a standard which would contain what they estimate would be the highest possible runoff which they might expect based on past experience of floods and runoffs in that particular area and that this could be done at a cost of approximately $17 million, and that the operating cost of the dikes, maintenance and so on would cost another $1,195,000.

Another part of the report dealt with an alternate system of dikes and reservoirs further up the Fraser, that is dikes along the Fraser valley at the lower portion of it before it runs out into the gulf of Georgia; dikes there and reservoirs on tributaries and on streams further up inland—at an estimated cost of $526 million. What I am suggesting—and I rather think that the Fraser river board in its report suggests this too—is that if you are going to deal with the question of diking in order to protect the Fraser valley and $283 million worth of land and improvements, homes and farms of people throughout the valley and deal with the economy and protect the economy of the Fraser valley, the best way in which to do that is immediately to start planning to rebuild the dikes up to a level that will contain the flood level waters which they might expect to occur based on past experience of floods rather than attempt over a long period of time to put, as the report indicates, $526 million into reservoir dams and into diking also.

I am sure in my own mind that this government will not be less generous than was the former Liberal government preceding it. I believe it would want to be at least as generous and, if I am not mistaken, would want to go just one better; that is, if we can take account of what the Prime Minister has said in what my friend the hon. member for Bonavista-Twillingate classifies as his very modest manner. But the federal government I think should right now start, if they have not already done so, to discuss the question of the diking of the Fraser valley with the provincial authorities and agree to be as generous at least as was the past Liberal administration in going for 75 per cent of the cost of rebuilding these dikes and should attempt to enter into this sort of agreement with the province before it is too late. We could very easily find next spring—next May and next June, for instance—that we in the Fraser valley—and in other parts of the province but in the Fraser valley particularly because that is the one I am dealing with and this Fraser river board deals with that section

—would be faced with something similar to the disastrous flood which occurred in the Fraser valley in 1948.

In my estimation it is far better to do as I have suggested. There is an old saying that an ounce of prevention is worth a pound of cure. That saying applies to the Fraser valley just as it applies to other things. The federal government should start off now, if it has not already done so, and approach the province and indicate its willingness to find at least the 75 per cent that the Liberal administration went for—at least that amount of the cost of rebuilding the dikes to withstand the flood levels which they expect might occur. That will be a great deal better than to wait and then, if we have a disastrous flood next spring, scurry around to try to find the money, to try to get men and equipment in order to build up dikes to try to contain the river and in the process do a rather haphazard job and have many of the farms and the homes and the community in the Fraser valley flooded out as they were in 1948.

I suggest that the minister should take this question as being one of paramount importance and requiring immediate action. The question of hydroelectric development and the possibility of maintaining the Fraser river as a fish river is one that does not require immediate action. We have other hydroelectric projects in the offing in British Columbia, one of which might be dealt with in the house. Undoubtedly my friend the hon. member for Kootenay West will take occasion to deal with the possibility of developing the Columbia.

Then there is this great area to the north, and so on, but that is something which is not of immediate importance as is the question of providing dikes to sufficiently high levels in the Fraser valley to protect the people who live there from being flooded out as they were in 1948. If the minister will undertake to engage in that sort of program I know he will not find any objection from the people in the Fraser valley, and certainly will not find any objection from myself or I am sure from any other hon. member who knows of the disaster brought upon the people in the Fraser valley in 1948 merely because governments prior to that time did not have foresight to see that floods could take place and practically wipe out the entire valley itself. Not only do I make this suggestion but the minister should start right now with a flood control program for the Fraser valley by participating with the province in diking. I would appreciate it if he would give the committee an indication of his attitude in this regard and tell us what action has been taken, what studies have been made and what steps are under way to start such a program of diking and flood containment in the valley.

The Deputy Chairman: Shall vote 271 carry?

Mr. Howard: No, Mr. Chairman.

Mr. Winch: In view of the most important and most welcome speech of the hon. member, there must be some answer from the minister on that.

Mr. Hamilton (Qu'Appelle): All I can say is that the two governments have agreed to study the report. As to the diking, they are a provincial responsibility, and all we are doing under these studies, as I see it, is trying to make arrangements to fix the boat instead of trying to bail it.

Mr. Howard: That is a pretty weak and a pretty poor answer and attitude for the minister to take. We realize that the province has agreed to reconstitute the board and study the question, but as sure as I am standing here, if the Fraser valley ends up being flooded out next year the words of the minister will come back to the people of the Fraser valley and they will not forget. The minister cannot pass the buck and say that diking is a provincial responsibility. In 1948 the minister's predecessor, whom he tries to outdo on every occasion, established the principle that it was a disaster area and that the federal government had a responsibility, and they supported their responsibility to the extent of 75 per cent of the cost.

There is a federal government responsibility in this field or you would not be involved in participating in the establishment of a board to study the question of flood control in the first place. You cannot wash your hands of it that easily especially if there is a flood. If you are gambling that there will not be a flood in the Fraser valley within the next three or four years, during which time this Fraser river board is supposed to meet and study further the question of hydroelectric power, fish runs and everything else, then I hope you win your gamble. But it will be your neck and your responsibility and your reputation, as well as the reputation of this federal government, which will be at stake. The last government indicated eleven years ago that there was a responsibility by paying part of the cost, and it will be the reputation of this government which will suffer, along with the suffering which will come to the people in the valley, if there is a flood. As I say, if you are gambling there will not be, I hope you win your bet, and that there will not be any flood; but I suggest that an ounce of prevention is worth a pound of cure and

it is far better to be generous now, as was the case in 1948, than to follow your policy of re-establishing the board to discuss the question of flood control.

If the government has no responsibility, what is it doing in the field of studying this question in the first place? It would be far better off to follow that responsibility a little further and indicate its willingness to work with the provincial government. This can be done privately behind the scenes if you do not want any publicity attached to it, but the government should indicate its willingness to participate in the question of flood containment dikes along the Fraser valley. The reference to continuing to bail the boat out rather than fix it is an off the cuff comment which does not fit the circumstances at all.

If the minister looks at the report of the board he will see, so far as flood control is concerned, that diking is an integral part of any system. Even the reservoir program and the dikes themselves run to $526 million including $17 million for diking if brought up to a sufficiently high level, and it takes into account the question that it is necessary to build dikes rather than dams farther up the Fraser river. If the minister is indicating that he is in favour of building dams, hydroelectric reservoirs, storage and every other sort of project on the Fraser river, and in the process ruin the river as a fish run, then he had better talk to his colleague the Minister of Fisheries.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I would just like to get the record straight. The Fraser river board is, under the joint constitution of the two governments, trying to arrive at a plan to use the resources of the Fraser river without harm to the fishing industry and to protect the people along the banks against flooding, which includes diking, and also to provide enough power to pay for the whole operation. As I described it a moment ago, it is the firm opinion of the province of British Columbia that it is much better to get a policy which makes full use of the resources of the river without harming anybody else, and thereby, as I said earlier, fix the boat instead of just bailing here and there.

Mr. Howard: May I make another comment on that, Mr. Chairman. An integral part of all the plans laid out here requires diking along the lower Fraser valley in the valley itself. Dikes are going to have to be built anyway, plus another $526 million for storage dams and reservoirs. Also, remember you have a difficult problem with hydroelectric, too. You have the fisheries interests to concern yourself with there, but it is much better to go ahead and take steps with the diking which will have to be done anyway so that some sort of flood containment will take place. I would reiterate that if the minister is gambling on no floods for the next three or four years until the Fraser river board completes its studies, I hope he wins his bet and that the people are not flooded out in the valley.

Mr. Winch: Mr. Chairman, the Fraser river is an integral part of the economy of the lower mainland of British Columbia. I would say that 90 per cent of the flood control responsibility of the Fraser river rests with the federal government, because it is a navigable river. Because it is a navigable river, there is a great responsibility on the federal government. However, that matter we cannot discuss because the minister's estimates deal only with flood control. Mr. Chairman, I have seen the banks of the Fraser overcome. I have seen a time in the past 15 years when cattle had to be moved completely away from the normal area and feed had to be brought in from the prairies. The federal government makes money out of the Fraser river from navigation. Therefore why should the minister not make some agreement whereby we do not just wait for a flood to happen again? We should build up, provincially and federally, a major diking system the entire length of the Fraser river. Why should that not be done? In the end the government will make money. If you do not, it will cost you money without any return.

Item agreed to.

273. Studies and surveys of the Columbia river watershed in Canada, $170,740.

Mr. Herridge: I only wish to make a very brief comment. First, I want to say that I am very pleased to hear the minister supplement the remarks of the Secretary of State for External Affairs with respect to the negotiations on the Columbia between the governments of Canada and the United States and to hear him say that in his opinion success will attend these negotiations. Would the minister explain what the $170,740 is required for this year in connection with this service?

Mr. Hamilton (Qu'Appelle): The amount of $170,000 is for the continuation of the studies on the power aspect of the question. The vote is reduced from last year because the field work is coming to an end.

Mr. Herridge: One more question. I know this is a very difficult question, but can the minister give the committee any information as to when, in his mind, it is possible that the negotiations between Canada and the United States will be successfully concluded. What period has he in mind? I think the public are very interested in this question.

Mr. Hamilton (Qu'Appelle): I cannot answer that question, Mr. Chairman. I can say that the matter of the type of downstream benefits and their division is before the international joint commission. When they have agreed on those principles I imagine that discussions will begin between the two governments, and when I say the two governments, I might point out that the province of British Columbia and the federal government are working as one in connection with this matter.

Mr. Winch: I wish to refer again to this question of the development on the Columbia river because it is one which to both my hon. friend from Kootenay West and myself means a great deal. In answering the hon. member for Kootenay West the minister said he could not inform us when a decision would be reached. May I ask him this: can the hon. gentleman tell us whether in the course of these negotiations dealing with international waters any understanding has yet been reached, irrespective of any decision between the United States and Canada on upstream and downstream benefits, on development expenditures and revenues?

Mr. Hamilton (Qu'Appelle): That stage has not yet been reached.

Mr. Winch: Is it being investigated?

Mr. Hamilton (Qu'Appelle): Both governments have raised the issue with each other. Both governments have raised the subject of the type of energy that would be developed, its financing and so on, but no decision has been reached.

Mr. Winch: Are any consultations going on with the government of British Columbia?

Mr. Hamilton (Qu'Appelle): On that particular subject there is no discussion at the moment. There is close contact established. We both know the problem is there. We have talked it over, but that is as far as it goes at the moment.

Mr. Winch: There is no actual consultation between the two governments as to what will be the actual development of the river.

Mr. Hamilton (Qu'Appelle): Oh yes, in so far as the physical development of the river is concerned, and the order of that development there is very close contact and consultation all the time. We have a joint technical committee which works as a unit. There is no difficulty on the technical side. I thought the hon. member was going further and had in mind the setting up of the entity, the financial division and so on.

Mr. Winch: When agreement is finally reached between the United States and Canada is there now the possibility of a plan between the federal government and the provincial government with regard to the capital cost of construction.

Mr. Hamilton (Qu'Appelle): There is no plan at the present time.

Mr. Winch: Is one being considered?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Howard: I am afraid the question I have to ask does not fit in precisely with this vote, but I wonder if the minister would be good enough to alow me to ask it, anyway, and give some sort of answer as to what steps if any of a similar nature to those taking place on the Columbia, for instance, are being taken either through the department exclusively or in conjunction with the province of British Columbia with regard to waters in the northwestern part of the province at Atlin lake, Sloko lake, and Teslin river up into the Yukon? Would the minister tell us whether any surveys are being made, the possibilities for hydroelectric development and the orderly development in other ways of that chain of rivers and lakes which runs through there.

Mr. Hamilton (Qu'Appelle): There is no joint agreement between the two governments on the use of water resources in the northwest of British Columbia but the federal government, through the Department of Northern Affairs and National Resources, is carrying out studies of its own in that particular field.

Mr. Howard: Are those studies being made outside the province?

Mr. Hamilton (Qu'Appelle): Both.

Mr. Howard: Both in the province and outside?

Mr. Hamilton (Qu'Appelle): And in the territories.

Mr. Winch: I should like to ask the minister whether he can inform the committee whether he and his department have any connection with what is going on in the northern part of British Columbia under the authority of the government of British Columbia with regard to what is best known as the Wenner-Gren deal? I should like to know what is the position of the federal government in respect of the investigations they are making, and how they tie that in with the situation.

Mr. Hamilton (Qu'Appelle): I am informed that there is contact between the Wenner-Gren interests and the federal government to see in what respect the operations on that

river by that company will effect the federal interest in the Peace river and the waters in that area.

Mr. Winch: Can I ask whether or not the request for information that came to the minister's office was from the government of British Columbia or from Wenner-Gren?

Mr. Hamilton (Qu'Appelle): I am informed that up to the present time it has been entirely from the company itself and not from the government.

Mr. Winch: I understand, then, that all requests in which you are now interested have come from Wenner-Gren. Is that right?

Mr. Hamilton (Qu'Appelle): There have been requests for information on this subject from Wenner-Gren, only.

Mr. Winch: I should like to ask the minister what is the attitude of himself and the government with regard to these Wenner-Gren interests and what investigations have been made of this man who has been declared an enemy of democracy by the United States and characterized, by an order in council passed here in Canada, as a man who no one can deal with. He was tied up with Krupp; he was a Hitlerite.

I would like to ask this question. What position does the minister take when he gets a request from this man for the grant of one-fifth of British Columbia? That is the request that has come to his department from Wenner-Gren, a man who could not be dealt with by order in council in 1942, a man who escaped to Mexico from his own country and who one year before was declared by Washington to be non compos mentis, if those are the right words. What is the attitude of the minister in regard to an application from Wenner-Gren who, having lost the hot war, now wants to take over a great deal of Canada by way of the cold war, with the authority of the Social Credit government of British Columbia and apparently now, unquestionably, with the authority of the minister?

This means a lot to us in British Columbia because a great many from British Columbia died in the last war. We want to know why and how, under a Progressive Conservative government, according to the minister's own statement, the only information he has is that requests are made by the Wenner-Gren company. What is the minister's position? What is his attitude toward this traitor to democracy, a man who is now tied in with Krupp, who will take over a great deal of our western country? Will the minister please tell me what is his relationship to this traitor of democracy who is now going to take over a great deal of our country?

Mr. Hamilton (Qu'Appelle): I have no relationship with Mr. Wenner-Gren. The Peace River Development Company has come to us with respect to their position.

Mr. Winch: It is Wenner-Gren, is it not?

Mr. Hamilton (Qu'Appelle): It is also Lord Alexander and a number of others.

Mr. Winch: I understand Lord Alexander resigned as soon as he discovered who Wenner-Gren was.

Mr. Hamilton (Qu'Appelle): The answer is we simply deal with the effect of their plans on the downstream waters of the Peace river.

Mr. Bourget: I should like to ask the minister whether that kind of agreement could be applied to flood control of the Chaudiere river in the county of Beauce? The minister will recall that on many occasions the hon. member for Beauce has tried to get some financial help from the federal government. If the province of Quebec is ready to enter into an agreement with the department, would that kind of agreement apply to that river?

Mr. Hamilton (Qu'Appelle): I am a little uncertain of my geography here but if the river crosses an international boundary we do have some jurisdiction. I do not believe this river does cross an international boundary.

Mr. Bourget: I am not sure that it does but I think it does, in the state of Maine. It comes down from the state of Maine into the St. Lawrence river. If the minister is not ready to give me the answer he could get in touch with me and let me have the information later.

Mr. Hamilton (Qu'Appelle): We will make a note of it and let the hon. member know.

Mr. Winch: I have one more question to ask the minister. As the minister of his department, when he receives a request for information or powers that only he can give, what is his reaction? When he receives a request from a company and a man who was by order in council declared to be a traitor to democracy, a man with whom nobody can work, and whose bullets killed thousands of our own Canadians, what is his reaction? What consideration does he give to a man who in 1942, through his companies, was declared a traitor to democracy? How does the minister deal with such a man and what has been his reaction in recent weeks or months? The minister has to pass upon his application to obtain the resources of our country. What is his reaction and how does he decide?

Mr. Hamilton (Qu'Appelle): I have no answer. I am not a psychiatrist or anything else so that I can psychoanalyse my feelings effectively.

Mr. Winch: Does the minister agree that Wenner-Gren was the man whose bullets shot down thousands of Canadians?

The Deputy Chairman: Order.

Item agreed to.

274. Contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $300,000.

Mr. Bourget: I think I made a mistake a minute ago because I think I should have asked my question under item 274.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, vote 274 deals with a dam in Ontario under the Canada Water Conservation Act. Under this act the province must come to the federal government and put forward a proposition for the conservation of water. Under this program there must be a contribution by the municipality of 25 per cent and by the province of 37½ per cent, and if the federal government agrees, its contribution is 37½ per cent. From here on I have to give the same answer I gave before. I do not know the exact circumstances of the conservation program in this particular area.

Mr. Peters: How is this project progressing? How much work has already been done?

Mr. Hamilton (Qu'Appelle): As I understand it, it is expected to be finished this year.

Item agreed to.

Northern administration and lands branch—
Northwest Territories and other field services—

278. Operation and maintenance, including grants and contributions as detailed in the estimates, $9,692,954.

Mr. Hardie: Mr. Chairman, I have a simple question to ask the minister which requires a yes or no answer. Can the minister tell me whether he agrees with that portion of the report of the mines, forests and waters committee which says:

The projects which are undertaken on the basis of past policies will result in the setting of standards which are unnecessarily high.

Mr. Hamilton (Qu'Appelle): The hon. member wants an answer in one word?

Mr. Hardie: Yes or no.

Mr. Hamilton (Qu'Appelle): I will give him that answer, Mr. Chairman, if he will stand up in the house and tell me whether he has stopped beating his wife.

Mr. Hardie: Mr. Chairman, this type of answer really shows how interested and sincere the minister is in answering questions in the committee. As was mentioned this afternoon, he has been giving misleading answers since the start of the session.

Mr. Churchill: On a point of order, Mr. Chairman, surely such a statement cannot be allowed under the rules of the house.

Mr. Hardie: You had better study the rules.

Mr. Churchill: I have studied the rules and that is why I raise this point of order. He has stated that the minister has been giving misleading answers to the house since the beginning of the session.

Mr. Hardie: And what was that one?

Mr. Churchill: That statement should be withdrawn.

Mr. Chevrier: On the point of order, Mr. Chairman, that point was raised by the hon. gentleman in the same manner as it was raised earlier today and the Chair did not rule on it.

Mr. Hamilton (Qu'Appelle): I wonder whether I could stop the whole thing by answering the question with neither a yes nor a no but by simply saying that the opinions I have expressed so far on the report of the standing committee have been very restrained. I think the committee and the whole house are quite well aware that the whole report of the standing committee is an indictment of the previous Liberal administration. It also demonstrates that the present government has allowed the committee to meet, which it had not done for 20 odd years, and has also allowed the committee to have a free and open discussion. Sometimes the chips fall on the department as I am now administering it but in the main they fall on the previous Liberal government. I know that the hon. member has made it very clear this afternoon that he resents any criticism of the previous government but how the hon. member can ask me to give a yes or no answer with respect to whether I agree with that part of the report of the committee referring to past policies—is that the phrase?

Mr. Hardie: I will read it.

—the projects which are undertaken on the basis of past policies will result in the setting of standards which are unnecessarily high.

Mr. Hamilton (Qu'Appelle): I think I made it clear in the committee that I had not seen most of these places under dispute and that I was not going to express an opinion until I had seen them.

Mr. Pickersgill: Mr. Chairman, I want to say that I was a member of the previous administration and I had the responsibility for Indian education. As to where the Liberal party stands on this matter there is no question. We think that the Indians are entitled to just as good standards as the rest of this country and we are not ashamed to say it plainly.

Mr. Hardie: Mr. Chairman, I did not get the type of answer I should have got. As a matter of fact, I think I can take it from the quietness of the minister that he actually approves this statement. I can take it from the lack of an answer that he approves this statement of the committee. I would point out that immediately following is section 29 which reads as follows:

> For instance, the standard of facility provided for the education of native northern children has been quite high. The hostel at Fort McPherson, the various buildings at Inuvik, and similar undertakings in other northern locations are examples in point.

As I pointed out earlier this afternoon, in the case of the hostel at Fort McPherson there was only one question and answer in all the evidence before the committee and that was as to how much the hostel cost. We got the answer as to its cost. We do not know the size of the building, how many pupils are living there or anything else. Further, the chairman of the committee, the hon. member for Lambton West, took a tour last summer paid for by the government through the Yukon and my own riding of Mackenzie River. In the Yukon he picked up our friend, the member for the Yukon, and the two of them did go to Fort McPherson. These two men wrote this report, but no evidence was put before the committee to substantiate these charges. In the case of the buildings at Inuvik, the hon. member for the Yukon questioned the deputy minister of the department and the chief of the education division. He asked why there was a gymnasium in the school and a playroom in each of the hostels. In his mind this was too elaborate for Indian children. This was too much. They should not have playrooms in the hostels and a gymnasium in the school too.

But the deputy minister and the chief of the branch pointed out to the committee that the gymnasium was set up for 250 pupils while there were 500 pupils in residence at the school in addition to the day school pupils. They pointed out that the gymnasium was actually to small for the number of pupils in the school. The gymnasium was also used as a community hall. The hon. member for the Yukon asked questions about the playrooms and both the deputy minister and the chief of the education branch pointed out that the Indian children were allowed 24 square feet each in playroom space. They also pointed out to the committee that the Indian affairs branch provides 50 square feet in their hostels and residential schools. However, knowing the hon. member for the Yukon and the hon. member for Lambton West I understand very well why the Tories are not in agreement that Indian children should get the same treatment as white children.

Item agreed to.

280. Contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces, $9,000,000.

Mr. Caron: This item covers agreements between the provinces and the federal government for roads leading to resources. Is the province of Quebec interested? Has any agreement been signed by the province of Quebec with the federal government for roads to resources?

Mr. Hamilton (Qu'Appelle): No.

Mr. Caron: So that if there were any bridges to be built the province of Quebec could not take advantage of this provision as the province of Saskatchewan has.

Mr. Hamilton (Qu'Appelle): I think the member knows what the answer is.

Mr. Caron: I am not the minister. If I were the minister I might have the answer. I should like to have the answer from the minister. Quebec would not be able to benefit from the building of bridges?

Mr. Hamilton (Qu'Appelle): There is no agreement with the province of Quebec. I have already answered that.

Mr. Caron: This is an item of the federal government's estimates. It is not the government of the province of Quebec that is presenting these estimates, it is the Department of Northern Affairs and National Resources. In that case the province of Quebec could not take advantage of this?

Mr. Hamilton (Qu'Appelle): If the province of Quebec signs an agreement they can take advantage of it.

Mr. Caron: If they sign an agreement.

Mr. Peters: What has been the participation of the province of Ontario under this item? What roads to resources have been constructed or what roads are provided for under this item?

Mr. Hamilton (Qu'Appelle): The understanding we have with each of the provinces is that there will be no formal announcement

as to what the roads are until the agreement has been signed. There will then be a joint press statement by both governments.

Mr. Peters: Mr. Chairman, all this may apply to those agreements that have not been signed yet. I should like to ask the minister what roads have been built, how expensive they are and where they are in northern Ontario?

Mr. Hamilton (Qu'Appelle): The hon. member is still talking about the roads to resources under this vote?

Mr. Pickersgill: On this point raised by the hon. member for Timiskaming, surely if these roads are being built and we are being asked to vote money for them, we are entitled to be told what roads they are. I admit that if there are some roads being discussed and upon which the government has not yet reached an agreement, they cannot tell us about them. However, if a road is under construction and an agreement has been reached, taxpayers' money has been spent, surely it is treating this committee in contemptuous fashion to say that the Ontario government can announce what roads are being built and we are not entitled to know anything about them. I think the hon. member for Timiskaming should insist upon an answer.

Mr. Monteith (Perth): Are you advising the other party now?

Mr. Pickersgill: I would be very happy to advise your party any time you want, because you certainly need advice.

Mr. Winch: I am not going into detail in connection with the roads, but I am most interested in vote 280 because, according to the item in the blue book of estimates, vote 280 is a contribution to the provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces.

I have only one question there, and it is very important. Does the interpretation of that mean a federal contribution to a road into a provincial forest or a provincial park? I asked the question last year and I was told that it did mean that the federal government would make a contribution toward roads into provincial forests or provincial parks. I should like to ask the minister if my interpretation is correct. If it is, what is the contribution the federal government will make under vote 280? So far as British Columbia is concerned, has any agreement been entered into with that province to take advantage of this vote? What roads have been built, and what moneys spent? If there has been none, has British Columbia been advised that they could take advantage of this and have the federal government pay something toward the construction of roads into parks and provincial forests?

Mr. Hamilton (Qu'Appelle): I understand that we are on vote 280. The only road being built in British Columbia under vote 280, I am at liberty to announce, is the Stewart to Cassiar road which was discussed at some length this afternoon by the hon. member for Skeena. It runs from Cassiar in the north, around Dease lake down to the headwaters where the community of Stewart is. This is the only road being constructed under agreement with British Columbia.

Mr. Winch: I am asking the minister, does the interpretation of vote 280 mean that the federal government is prepared to pay the cost—what is it, half the cost? Does that mean, under this item, you are prepared in principle to pay half the cost of any access road into a provincial forest or a provincial park? You say there is only one being built now, but is that the basis of it, and does British Columbia know it?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Mr. Winch: You mean that this does not mean that you are paying half the cost of access roads into a provincial park?

Mr. Hamilton (Qu'Appelle): This means we are paying half the cost of roads to resources. If the roads to resources go through national parks, then we pay the cost. Under vote 280, there is only one road being built and that is from Stewart to Cassiar in British Columbia.

Mr. Winch: Is a provincial park not a resource?

Mr. Hamilton (Qu'Appelle): It could be.

Mr. Winch: Well, now, the minister has said that sitting down. Will he not stand up and say it?

Mr. Hamilton (Qu'Appelle): Anything to oblige; a provincial park may be a natural resource.

Mr. Peters: I think I must insist that we find out if there is any road to resources program in Ontario, where that is and how much money has been spent. I think this is information that we should have. I do not know where these roads are, but I understand there are some. I should like the minister to tell us where they are, the extent of these roads that have already been built under this program. I am not asking for confidential information on negotiations for proposed roads, but just roads that are either under construction or have been built under this program.

Mr. Hamilton (Qu'Appelle): I can say this, that in Ontario there are seven roads upon which agreements have been made. There are two more that are under negotiation. I am not at liberty, under the agreement I have, to divulge them here until the agreement has been signed. There is only one exception to that. If any member asks about a specific road that has been agreed upon, I would acknowledge, yes or no, that that was it.

Mr. Winch: Tell us now, then, what are the seven roads agreed upon, not the two under consideration.

Mr. Hamilton (Qu'Appelle): I just finished saying that I cannot do so under the agreement I have with the province of Ontario.

Mr. Pickersgill: The minister has just said he does not have any agreement with the province.

Mr. Winch: This is a most extraordinary situation. There have been contracts agreed upon, money spent and roads built, but we are told this afternoon in this House of Commons that the minister cannot break a confidence and tell the committee of the money spent and the roads built. Will the minister explain why, with the taxpayers' money being spent, roads built, contracts fulfilled, he is not permitted, under a confidence, to tell this committee why or where the money was spent?

Mr. Hamilton (Qu'Appelle): I have made it very clear to the committee this afternoon there has been no money spent by the federal government under this agreement and there will not be until an agreement is signed.

Mr. Winch: I thought you said seven had been built?

Mr. Fisher: There is one aspect of this, as I mentioned to the minister before, which is even more unfair than the point that has just been made. The effect of this program, in co-operation with the provinces, is that requests for information on the order paper have been denied. I am willing to concede that the minister, in confidence, has been willing to give us some information.

What is the situation on the provincial side? Can the minister explain to me why, if this is an agreement in confidence, the premier of Ontario and his disciples have been able in the last few months to range around the northern part of the province announcing these agreements in detail, even saying who was going to have the contract? This is the unfair side of it. This is where in fact it seems to me the minister has let the hon. member down. I should just like an explanation of it.

Mr. Hamilton (Qu'Appelle): I feel that as long as I keep my part of the bargain I have done my duty. I cannot be held responsible for the leak or the use of the information that occurred in Ontario.

Mr. Fisher: Let me just give an example of the context in which these announcements are made. I had one report from a political rally that said: "Look what you have. Now you have a Conservative government in Ottawa. If you re-elect a Conservative government in Ontario we are going to bring all these things to fruition". We cannot be blamed for taking a sort of jaundiced look at this particular kind of partisanship. I insist that if the hon. member for Port Arthur in the provincial constituency has the right, week after week, to make announcements about the building of a tiny culvert on one of these blasted roads on the roads to resources program, I as a member of this house should have the right to have some public information on the matter.

Mr. Pickersgill: I want to support very warmly what has been said by the hon. member for Port Arthur. It is the most outrageous thing that I have heard said on the estimates in this house since I have been here. Here we are in the House of Commons of Canada being asked to vote money for a provincial purpose. The provincial government feels perfectly free in an election campaign to further its interests by broadcasting this information and we in the House of Commons are not entitled to be told, the minister says, because he has an agreement. Yet he tells us that he has not an agreement, that no agreement has been signed. He means that he reached some private understanding in his negotiations that he would not say anything about this matter until an agreement was reached.

We were very reasonable about the matter. Both the hon. member for Timiskaming and I said that if there was any road not yet in the program which they were still discussing, we would not imperil those discussions. But we know perfectly well that a great many of these roads have been agreed upon. Some of them have been started. One hon. member told me that one of the roads had work being done on it until the election and that no work has been done on it since then. I do not know whether or not that is true but it would not surprise me. Yet here the people who are the trustees for the taxpayers who have to pay for these things cannot have any information about them. This is an absolutely preposterous situation. Of course the minister has a huge majority behind him. If he wants to treat parliament in that way,

I suppose in the end we have to submit but at least we should protest about it.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, this attitude of the opposition this afternoon, first of all by the hon. member for Mackenzie River and now once again by the hon. member for Bonavista-Twillingate, goes a little bit beyond what they can expect the minister to sit here and take. The dirty, vicious remarks this afternoon about Indians are now duplicated by a sneering, McCarthy-like statement by the hon. member for Bonavista-Twillingate. Just because there is an information leak at the provincial level he stands up here and asks me to break my written word in letters to the governments of these provinces that no information would be put out from the federal level. If he is absolutely fair he will realize this. Conservative members from Prince Edward Island have come to me with complaints that they had no information about what Liberal M.L.A.'s in Prince Edward Island are doing with the roads program in their province. Why does not the hon. member apply the same rule of ethics to the Liberal government in Prince Edward Island?

Mr. Pickersgill: I will answer that question.

Some hon. Members: Sit down.

Mr. Hamilton (Qu'Appelle): Just you sit down until I finish.

An hon. Member: That's the stuff.

Mr. Pickersgill: No, I will not sit down until the hon. gentleman is finished.

Some hon. Members: Sit down.

Mr. Pickersgill: I was going to sit down but now I rise on a question of privilege. I had not intended to bother doing it but in view of the attitude of the hon. gentleman I rise on a question of privilege. The hon. gentleman talked about my upholding the rights of parliament as being McCarthy-like tactics. That is an improper imputation of motives which the hon. member has no right whatsoever to make. I will not take up the time of the committee by asking him to withdraw it because the country is soon going to discover what attention should be paid the remarks made by this hon. gentleman. However, I will say this about Prince Edward Island. If that is being done in Prince Edward Island, it is wrong also. We in parliament are entitled to know this. Why there should be such secrecy about where these roads are going to be anyway, I do not understand. When we sat over there on the other side and proposed to keep secret certain things about the armament program of this country we were accused—

[Mr. Pickersgill.]

Mr. Monteith (Perth): That is not a question of privilege. The minister has the floor.

The Acting Chairman (Mr. Morton): I suggest the hon. member stick to the question of privilege.

Mr. Pickersgill: My question of privilege is that the minister has made a malicious attack upon my reputation and I am entitled to repudiate that attack. All I did which gave him any excuse for making that attack was to point out that parliament was entitled to information which provincial premiers and provincial cabinet ministers were spreading abroad about the country but which was denied us in this parliament. If that is McCarthyism, I intend to go on indulging in McCarthyism.

Mr. Hamilton (Qu'Appelle): I gather that the chairman has ruled that there is no question of privilege.

An hon. Member: That is right.

Mr. Hamilton (Qu'Appelle): I was on my feet with regard to inferences and allegations spread around by the hon. member for Bonavista-Twillingate. You can see, Mr. Chairman, the way in which his mind is twisted. I said that he was applying to one province's political party a code of ethics which was different from what he was willing to apply to another.

Mr. Pickersgill: I did not say anything about any province.

Mr. Hamilton (Qu'Appelle): Then the hon. member is up like a firecracker and he tells us he is defending the rights of parliament. This afternoon, Mr. Chairman, this parliamentary institution, as we have known it, from the type of activities that have gone on the other side of the house, has taken a greater series of blows than it could sustain from any leaks or any misuse of information in the hands of provincial politicians. I should like nothing better, Mr. Chairman—

Mr. Pickersgill: You should have been here in 1956.

Mr. Hamilton (Qu'Appelle): —than to give the name of every road and the amount that was spent on every road. I will give to this house all the information I have here available and put it on the record so you can go back and say that this is being done.

To those in British Columbia you can say that a road is being built under agreement 255 miles in length. The amount that was spent up to March 31, 1959 was $2,040,000. You can say in Alberta there is general agreement now on a road program for 430 miles of road and that all the province spent there up

to March 31, 1959 was $500,000. In Saskatchewan there is agreement as far as the actual roads are concerned on 824 miles of road. Work started on May 5, 1958, last year, and is still continuing. The province's expenditures to March 31, 1959 are $2,500,000. In Manitoba the agreement calls for 688 miles of road. They started work on May 28 last year. The expenditures up to March 31, are $1,500,000. In Ontario the agreement at the present time calls for 355 miles of road. The amount actually spent up to March 31, 1959 was $200,000. When I hear here of all these roads starting and stopping after election time may I say that there could not have been too much there under this program because that is all we spent on this program.

In New Brunswick the agreement calls for 417 miles of road. They did $1,500,000 worth of work last year. In Nova Scotia the agreement calls for 465 miles of road and $2,500,000 was spent last year. In Prince Edward Island, 343 miles of road—on that little island—and they spent $2,500,000 last year. In Newfoundland, 269 miles of road so far have been agreed upon and they spent $220,000 last year. The total amount spent last year up to March 31, 1959 was $12,960,000. The amounts that we will have to pay can be easily discovered.

Mr. Pickersgill: Did I understand the minister to say that they spent $2,500,000 in Prince Edward Island? I thought the limit for each province was $1,500,000.

Mr. Hamilton (Qu'Appelle): The limit each year in a province is $3 million, of which we pay one-half, $1,500,000.

Mr. Pickersgill: And $2,500,000 was spent in Prince Edward Island last year?

Mr. Hamilton (Qu'Appelle): That is the figure I have here.

Mr. Winch: The information given us by the minister is most interesting and we appreciate it. We are now discussing this afternoon the estimates for the fiscal year ending March 31, 1960. The minister was most interesting, yes and informative, but I want to draw to the attention of the minister the fact that we are discussing now vote 280, which is the contribution to the provinces to assist in the development of roads leading to resources in accordance wtih agreements entered into by Canada and the provinces, and for that, in the period starting April 1 of this year until March 31 of next year, the minister is asking for the sum of $9 million. That is not for something in the past but for something in the future.

The only answer we have had from the minister so far is: "It is confidential; I cannot break confidences." Mr. Chairman, I say that if the members of this House of Commons are being asked to give authority for the payment of $9 million, then we are entitled to know where and why this $9 million is going to be spent. It is not good enough for us to wait until next year when the money has been spent. We have the authority now to decide whether the money shall be spent or not and I say that it is positively disgusting and disgraceful that the minister hides himself under the cloak that he has secret agreements with provinces and cannot tell the House of Commons, which has to pass the money, how, where or why the money will be spent.

Mr. Chairman, surely that is something that no one in this house should be entitled to anticipate or expect and as a matter of fact I have not even yet got the answer to the question I asked previously as to how it ties in with roads. But the important thing is this. The minister almost had a halo around his head when he told us how the money was spent last year. We are not discussing how the money was spent last year. That is a matter of public accounts and concerns the public accounts committee. What we have before us now is not the public accounts of last year but the estimates for the next 12 months, and under vote 280 we are being asked for $9 million. The minister has not told us one word yet. He has not taken us into his confidence one iota, except to say that he cannot because it is confidential with the provinces. Mr. Chairman, you may have something in common with the provinces and you may have some secret agreements, but it is the House of Commons which has to pass this $9 million and we are entitled to know how, why and where that $9 million is going to be spent. Until I get that answer I will have to reserve my opinion whether I vote for it or not because I want to know where, how and why this money is going to be spent.

Mr. Peters: I am not at all satisfied with the answer we got. I do not see why this should be secret in the first place, and I think it is high time the people of Ontario who have heard a great deal about access roads finally discovered where those access roads are. We have had an unpleasant record in Ontario with roads under a Conservative government, roads which were never built that we passed money for, particularly the bridge sections of those roads. I do not think that a federal Conservative government will be any better than a provincial Conservative government was, and I think parliament has the right to know

where these particular roads are so that we can see if they are roads which are worth while or not. This seems to me a wonderful way of passing out patronage between the province and the federal government, when you do not have to explain where there is a road or there is not a road. We have to take the minister's word that there are 335 miles already contracted for in Ontario and that we have already spent some $200,000. He did not give us the figures for the ones which were not contracted for, I suppose because we did not ask for them.

Mr. Chairman, it seems to me that these roads have to serve some purpose, and they cannot serve a purpose unless they are known to the people in the communities nearby. I think we should point out to the minister that this $9 million in this particular item is not only in this year but was in last year. There is no difference between the item this year as compared with last year. I am not familiar with the geographical situation in the province of Prince Edward Island, but it always seemed to me that it was a fairly small province and I am surprised to find that $2,500,000 was spent in looking for the resources in that province. It indicates to me that there is probably not the supervision of this program that the minister envisioned for the Canadian people when he talked about it in the first place.

A great deal was said about these resource roads in the recent provincial election in the province of Ontario. At that time in various ridings there was reference to roads being built in the next riding, but there was no reference to the ones in my particular riding. I heard of roads which were going to be built from Timmins to Kapuskasing and other roads going to be built in numerous places, and I think we are entitled to this information and we are going to demand that it be made available to the committee. If not I will be quite happy to talk on this item until six o'clock and the minister can think it over during the weekend.

We are very much in favour of this roads to resources program. We know there are many areas in our part of the country in northern Ontario that have not been developed, and one of the reasons they have not been developed is that we have not been able to get roads put into those particular areas. In the province of Ontario the department of mines has gone into highway construction. Throughout northern Ontario they are building various sections of highways which the department of highways usually take over after they are completed. I had hoped that this would be the same type of program that would happen under this particular vote.

I can envision many roads being constructed, and I want to refer to one of them, the road from Kowganda and Shining Tree, West Tree, into the area of Sultan in the Chapleau district. This road is already completed and about 80 or 100 miles is owned by the K.P.C. The Kalamazoo Parchment Company have a big business in that area and they built a road at their own expense and closed it off to traffic, with the exception of the vehicles of some private individuals who have permission from the company to go through. This is a very important road because it opens up that new area in Kowganda, which is a well developed mining area.

This would mean that the tourist traffic, particularly from the area of Sault Ste. Marie and other areas would be greatly stimulated because of the benefit which would arise through having this important area of our country opened up to the public and made available for industrial development. I should like to know what consideration has been given to the roads which, we heard a year ago, were the only ones in which the minister was going to take an interest, that is those along the north branch of the Canadian National Railways. I was surprised, I must say, to hear that some of these roads were being built in places such as the province of Prince Edward Island—

Mr. Hamilton (Qu'Appelle): I wonder if, in an effort to save the time of the committee, I could intervene at this point by reminding the committee that I said that if any hon. member asked me about a road that was approved I could tell him whether or not that was the case. The hon. member has mentioned a road, and I can tell him that the road which he has mentioned was proposed by the Ontario government and approved.

Mr. Fisher: I am willing to accept that. The minister has given me the information as it affects a constituency, but it was information given to me in confidence. The fact remains that other parties had not treated it in confidence. Surely if you have a deal and they do not keep one aspect of it, you can do something about it.

Some hon. Members: Oh.

Mr. Monteith (Perth): That is the way you would operate.

Mr. Fisher: The Minister of National Health and Welfare says: "That is the way you would operate." So this is a fine way to operate, is it? We have got a sunshine blowhard up

at the lakehead who announces every culvert and bridge crossing that comes along and he has been announcing them for months in connection with the roads to resources program, and I consider it an insult to the House of Commons that he should be announcing federal jobs. This affects other departments of government, and the situation produces its ridiculous aspects when you have a situation arising where a minister of defence production is unwilling to give information on particular questions addressed to him while this sunshine blowhard is spreading the information up there. All this party understanding business on the provincial and federal level depresses me. This is the sort of thing I could get very annoyed about—and I do not often get annoyed—because it involves the dignity of members of this house —I don't care whether they are Conservatives, Liberals or members of the C.C.F. I admit that the minister in this regard has been fair with me, within the limits that he has announced. I have been able to go to his office and get the information. But this is a damnable situation, and one to which I object very strongly. I suggest that an hon. member has the right to know if a contract has been broken—

Mr. Hamilton (Qu'Appelle): If the hon. member will take my word for it, I will call the premier and ask permission to forget this mutual understanding of the two governments, though, no doubt, that will cause some embarrassment in other provinces. I will certainly phone the premier, and I am quite certain that if it is correct that the information is around the province he would agree that there is no reason to keep it quiet. The election is over.

An hon. Member: There is the answer.

Mr. Peters: What a horrible admission. "The election is over". How little use some ministers have for the rights of parliament when they can make that kind of statement. That makes it even worse—

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I think we had better have some order brought into this committee. I am speaking on a point of order. I gave an answer to the hon. member and in giving that answer I stated quite candidly that I could not see there was any reason whatever of a political nature—there was no election in the offing —for not giving this information and immediately this stampede starts. My point of order is this: if we are going to conduct this committee of estimates, we have to decide whether we are going to have information about my department or whether we are going to fight a political battle in this committee. I think you should decide whether the type of stuff that has been going on this afternoon is in order or not.

Mr. Argue: On the point of order which has been raised, I cannot understand a man in the position of the minister of northern affairs suggesting that the remarks that have been made are remarks which should not be made by a member of parliament. We have heard the word "McCarthyism" hurled back and forth across this floor this afternoon. This would suggest to me that the minister is not only hurling the accusation, but also trying to practise it. The minister has said now: "We shall make this information available; why not? The election is over." What a slur on the House of Commons, that we should now get information because an election is over.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, on a question of privilege—

Mr. Argue: I have the floor on a point of order and I refuse to sit down for the minister.

The Acting Chairman (Mr. Morton): Kindly address the Chair.

Mr. Argue: Mr. Chairman, that is a fine remark. I was speaking on a point of order when I was rudely interrupted by the minister of northern affairs.

Mr. Hamilton (Qu'Appelle): I am rising on a question of privilege.

Mr. Argue: Mr. Chairman, you cannot have a point of order and a question of privilege at the same time. Now, on the point of order—

Mr. Hamilton (Qu'Appelle): I want a ruling on this question regarding a point of order and a point of privilege.

An hon. Member: Six o'clock.

The Acting Chairman (Mr. Morton): It being six o'clock I do now rise and report progress.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, there is a question that I wish to bring to your attention.

Mr. Speaker: The business of the house has been terminated, though a discussion on the business of the following day is usually permitted.

Mr. Winch: This is on the business of the house. A situation occurred in the committee and the question was raised with the deputy chairman as to whether or not a question of privilege could be raised on a point of

order. I would like you as Speaker to give a direction, not perhaps now but at the next sitting.

Mr. Speaker: Perhaps the hon. member will state his point then.

Mr. Chevrier: May I ask the minister who is leading the house what the business will be for all of next week?

Mr. Churchill: Mr. Speaker, I was given to understand that some agreement had been reached among the whips of the parties and with the house leader with regard to attempting to terminate the business next week, on the understanding that we would complete the estimates of the Department of Northern Affairs and National Resources today and perhaps those of trade and commerce; but because of the developments that have occurred, I think all I can reasonably do at the present time is announce the government order of business for Monday.

The first item will be No. 12 on today's order paper having to do with grants to the province of Newfoundland. The second item will be No. 1 on today's order paper having to do with an extension of long term mortgage credit to farmers; No. 3 will be No. 11 on today's order paper, the resolution to approve the international wheat agreement; No. 4 will be No. 9 on today's order paper, the resolution with regard to approving the convention on the nationality of married women; No. 5 will be No. 7 on today's order paper, the second reading of Bill No. S-25, to confirm an agreement between the government of Canada and the government of Nova Scotia; No. 6 will be No. 4 on today's order paper, a somewhat similar agreement between the government of Canada and the government of the province of New Brunswick; and No. 7 will be the second reading of Bill No. S-2, to amend the Public Lands Grant Act.

Mr. Chevrier: May I ask the leader of the house what estimates will be taken up next week?

Mr. Churchill: Mr. Speaker, I think it would be advisable now to await the return of the house leader who apparently had some discussion with members on the other side as to the business for next week. We have his suggestions already with regard to estimates. I presume they would be taken in this order, the completion of the Department of Northern Affairs and National Resources, followed by trade and commerce; then, mines and technical surveys; national health and welfare, fisheries, post office, secretary of state, privy council, national revenue, legislation and finance.

Mr. Chevrier: May I ask what we shall do on Tuesday in case the items that were mentioned were completed on Monday?

Mr. Winch: I understand legislation will be the last?

Mr. Churchill: Mr. Speaker, having announced the business for Monday, in the present circumstances I think that is as far as I should go. The house leader will give the announcement on Monday night.

Mr. Chevrier: If we do not complete the business mentioned for Monday will we go on with that business on Tuesday?

Mr. Churchill: Oh, yes, and with any other bills that have not been dealt with. For example, the first item on Monday will be the resolution on the grants to Newfoundland. If that passes, then second reading of that would follow on Tuesday. I think the legislative program I have announced might well consume the two days' time.

It being eight minutes past six o'clock, the house adjourned, without question put, pursuant to the order of the house passed on June 25.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

CHANGING OF GUARD, PARLIAMENT BUILDINGS

Question No. 520—**Mr. Dupuis:**

1. Has the government been requested to choose members of the armed forces, rather than those of our illustrious Royal Canadian Mounted Police, to carry out the daily changing of the guard in front of the parliament buildings?

2. If so, by whom were such requests made, and on what occasion?

3. Has the government decided to establish this British tradition permanently in Canada?

Answer by: **Hon. G. R. Pearkes (Minister of National Defence):**

1, 2 and 3. As on previous occasions, a military guard was mounted on government house during the residence of Her Majesty the Queen. Following a number of requests, including representations from the Ottawa board of trade, arrangements were made to continue this practice during the summer months and to carry out the ceremony of the changing of this guard, which is a traditional ceremonial drill of the Canadian army, on the lawns in front of the parliament buildings.

It is not the practice for the Royal Canadian Mounted Police to undertake this type of ceremony.

[The following items were passed in committee of supply]:

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

261. Departmental administration, $866,273.

262. Northern research co-ordination centre, including a grant of $10,000 to the Arctic institute of North America; and an amount of $5,000 for grants in aid of northern research subject to allocation by treasury board, $96,785.

263. Contributions to the provinces, pursuant to agreements entered into with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them for campground and picnic area developments, $1,500,000.

Supply—Items Passed

National parks branch—

264. Branch administration, $199,400.

National parks and historic sites services—

265 Administration, operation and maintenance including a grant of $25,000 towards the commemoration of Fort MacLeod as a Royal North West Mounted Police post subject to such terms and conditions as may be approved by the governor in council, $6,663,934.

266. Construction or acquisition of buildings, works, land and equipment, $18,694,912.

267. Grant to Jack Miner migratory bird foundation, $5,000.

268. Grant in aid of the development of the international peace garden in Manitoba, $15,000.

269. To authorize payment to the national battlefields commission for the purposes and subject to the provisions of an act respecting the national battlefields at Quebec (chap. 57, statutes of 1908, as amended), $178,290.

270. Canadian wildlife service—wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $686,739.

Water resources branch—

271. Administration, operation and maintenance, including Canada's share of the expenses of the international executive council, world power conference, $1,389,466.

272. Construction or acquisition of buildings, works, land and equipment, $214,400.

273. Studies and surveys of the Columbia river watershed in Canada, $170,740.

274. Contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $300,000.

Northern administration and lands branch—

275. Branch administration, $1,587,128.

Yukon Territory—

276. Operation and maintenance, including grants and contributions as detailed in the estimates, $1,090,457.

277. Construction or acquisition of buildings, works, land and equipment, $4,499,400.

Northwest Territories and other field services—

278. Operation and maintenance, including grants and contributions as detailed in the estimates, $9,692,954

279. Construction or acquisition of buildings, works, land and equipment, including costs arising out of the relocation of the town of Aklavik and payment of such compensation as the governor in council prescribes to persons affected by such relocation, $18,640,498.

HOUSE OF COMMONS

Monday, July 13, 1959

The house met at 11 a.m.

LIBRARY OF PARLIAMENT

CONCURRENCE IN REPORT OF CIVIL SERVICE COMMISSION

Hon. Howard C. Green (Minister of Public Works) moved:

That the report of the civil service commission concerning certain employees of the library of parliament, laid upon the table of the house Friday, July 10, be now concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

UNITED STATES—STATEMENT RESPECTING VISIT OF SECRETARY OF STATE

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as hon. members know, the right hon. Prime Minister and myself had the pleasure of holding a talk with Hon. Mr. Herter and his principal advisers for about 3½ hours on Saturday last. When the meeting ended we issued a brief communiqué which I might read to the house for the benefit of those who may not have seen it in the press. I might add that I have not seen it in the press myself. This is the release:

The Secretary of State of the United States, Honourable Christian Herter, en route to Geneva for the resumption of the foreign ministers' meeting called today on the Prime Minister and the Secretary of State for External Affairs. Mr. Herter, Mr. Diefenbaker and Mr. Green met for some time this morning at the Prime Minister's residence for discussions which were continued during and after lunch. Matters of general international concern were considered as well as subjects of special interest to the United States and Canada.

The Secretary of State was accompanied by Mr. Livingston Merchant, assistant secretary of state for European affairs—

whom we all knew so well as ambassador in Canada of the United States and whom we all liked so very much—

—Mr. Frederick Reinhardt, counselor of the department of state and Mr. Tyler Thompson, minister at the United States embassy. Mr. Norman Robertson, under secretary of state for external affairs and Mr. Arnold Heeney, Canadian ambassador to the United States, were with the Prime Minister and the Secretary of State for External Affairs.

I am sure hon. members will appreciate that there is very little that I am at liberty to say publicly concerning the substance of matters which were discussed. Mr. Herter and his advisers were on their way back to the resumed session of the foreign ministers' conference which begins today in Geneva and it is only natural in these circumstances that neither Mr. Herter nor the Canadian government would wish to make public views which may have a significant bearing on the difficult negotiations which are about to take place with the Soviet union.

I can say, however—and I think I can speak for the Prime Minister in this as well—that we were most impressed by the serious spirit and sense of purpose with which Mr. Herter is approaching this second round of talks, and that we have great confidence in his ability to engage in genuine negotiation without sacrificing any of the principles for which the western powers have consistently stood in respect of Berlin.

May I say also that the government—and I am sure all Canadians—appreciate greatly Mr. Herter having come to Ottawa at this particular time and given us this opportunity to have such a frank and valuable exchange of views on matters of common concern. As those who have met the Secretary of State of the United States well know, Mr. Herter is a man with great gifts for friendliness. It was in a spirit of two good friends—Canada and the United States—with many interests in common meeting to discuss these interests that the talks were held on Saturday. I should also like to say, Mr. Speaker, that it was a great help to have had the debate in the house last Thursday and to have the expression of support which we then received from both opposition parties in respect of the talks to be held at Geneva.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I am sure the house appreciates the report which the minister has just made, as I am sure all hon. members here and indeed all Canadians appreciate the fact that the Secretary of State of the United States was able to stop off in Ottawa on his way back to Geneva.

I should like to associate myself and our party with what the minister has said about the new Secretary of State. I am sure all Canadians wish him well on the occasion of this conference and on future occasions of this kind. I am sure we all agree with the minister when he said that Mr. Herter is

peculiarly qualified by experience and by ability to carry on the important work that has been entrusted to him. It is well that the Canadian government should be informed on these matters even though we may not be represented at the particular meeting, because our commitments and our responsibilities are definitely and deeply involved. If there is to be that essential unity inside the coalition that we all work for there must be this kind of consultation in advance of decision.

I quite appreciate the fact that it would be unfair to ask the minister to give us details of the negotiations which are taking place. That is not the way in which negotiations can best be conducted. But I think we are agreed that the principle which underlies these negotiations should be the maintenance of western rights in Berlin and that if there is to be any alteration of the situation there, it should not be at the expense of those rights. I think Mr. Herter's visit also emphasizes the unity inside the western coalition, which as I said is essential and is perhaps one of the most gratifying features of the earlier negotiations. Although there have been disappointments in the past I hope that during the weeks ahead, if there are to be further meetings, with this strong, fundamental unity among the three western foreign ministers, and with flexibility in negotiation, perhaps the new session will be able to come to some satisfactory conclusion.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group are very pleased to hear the report of the Secretary of State for External Affairs of his meeting with Mr. Herter. We are glad to hear of these discussions, because we believe that discussions are the essence of progress toward some agreement and some final settlement of all our problems. Before taking my seat I do want to say how pleased we are that the government has emphasized its support for a summit conference and for the value of continuing negotiations during these difficult times.

MOTIONS FOR PAPERS

NEW POST OFFICE BUILDING, QUEBEC CITY

Motion No. 130—**Mr. Bourget:**

For a copy of all telegrams, correspondence and other documents exchanged since June, 1957, between the federal government or any of its departments, the Canadian National Railways and the city of Quebec, or representatives of the said city, with respect to the construction of a new post office in that city.

Motion agreed to.

[Mr. Pearson.]

C.M.H.C. LEGAL AGENTS

Question No. 132—**Mr. Argue:**

For a copy of any letter, lists or other memoranda sent to Central Mortgage and Housing Corporation by the Department of Public Works since January 1, 1956, stating the names of legal agents that may be engaged by the corporation.

Motion agreed to.

TRADE

REPORTED STATEMENT BY U.S. SECRETARY OF AGRICULTURE

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Agriculture if his attention has been directed to a statement made by Mr. Ezra Benson, the Secretary of Agriculture of the United States, who in a speech over the week end stressed the desirability of free trade between Canada and the United States, particularly in agricultural products. Has this statement been brought to the attention of the government, and is the Minister of Agriculture in a position to make any comment?

Hon. D. S. Harkness (Minister of Agriculture): The answer to all those questions, Mr. Speaker, is no.

Mr. Martin (Essex East): May I, in answer to this very succinct reply, ask the minister if he would be good enough to look at the observations of his counterpart in the United States, study them, and be prepared to comment in this house upon them before we prorogue, if we ever do?

Mr. Harkness: Mr. Speaker, I will be very glad to look at Mr. Benson's speech. Whether I shall be prepared to comment on it I will not know until after I have read the speech.

LABOUR CONDITIONS

REQUEST FOR STATEMENT ON WINTER WORKS PROJECTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in the absence of the Minister of Labour may I direct a question to the Prime Minister. Can the Prime Minister inform the house whether it is the intention of the government to proceed with a winter works program for the coming winter months?

Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think in view of the fact that earlier questions have been directed to the Minister of Labour, and as the Minister of Labour will be here for the rest of the session, this question might be allowed to stand until his return.

CANADIAN NATIONAL STEAMSHIPS

INQUIRY AS TO PAYMENTS ON SALE OF VESSELS TO CUBA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I would like to address a question to the Minister of Transport, the genesis of which is our interest in the accounts receivable by the government of Canada. Can the minister give the house any information as to the payments received on account to date with respect to the Canadian National ships which were sold to Cuban interests?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker. I think the hon. member will realize, not having given me notice of this question except for a very small slip of paper which indicated, as I sat down in my seat, that he intended to ask the question, that I cannot carry figures of that kind in my head. I will inquire of the management of the Canadian National Railways to find out the situation in that regard, and will be glad to report to the house when I have that information.

BUSINESS OF THE HOUSE

BILL OF RIGHTS—INTRODUCTION OF LEGISLATION THIS SESSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, on Saturday the hon. member for Skeena asked me a question and I said there would be an answer today. I rise simply to say that I trust the answer will be given tomorrow; it is not forthcoming at the moment.

HARBOURS

SAINT JOHN, N.B.—STATEMENT ON REPORTED WRECKAGE OF PILOT BOAT

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, on Saturday the hon. member for Lapointe asked me a question regarding the possible location of the pilot boat which was sunk in Saint John harbour two years ago. I have inquired into this and found that the object which was located in Saint John harbour is now definitely identified as the pilot boat which sank a couple of years ago.

We are in process of making arrangements to have the boat raised, and this, of course, would involve any bodies that might be found.

FINANCE

MEASURE TO PROVIDE ADDITIONAL GRANTS TO NEWFOUNDLAND

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the payment of additional grants to the province of Newfoundland.

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

Mr. Fleming (Eglinton): The resolution before the committee asks leave to introduce a measure to provide for the payment of additional grants to the province of Newfoundland. The bill for the introduction of which leave is now sought will provide authority for the payment to the province of Newfoundland of amounts recommended by the royal commission on the terms of union with Newfoundland for the fiscal years 1957-58 to 1961-62 inclusive. This bill may well find itself placed among the important constitutional documents of our country. The operative portion of the measure is brief but the bill will contain extensive recitals. Having regard to the nature and importance of this legislation I may say I hope to approach the subject in keeping with the seriousness of it for the Canadian confederation.

Ten years have passed, sir, since Newfoundland, the Atlantic outpost of this continent, joined the Canadian family. This act of confederation brought a sense of completion to the farsighted work of the fathers of confederation which had not been until that time, attained. The only regret of Canadians in the other parts of Canada was that Newfoundland's entry into the Canadian family had been long delayed. Had Newfoundland come in during earlier years Newfoundlanders and other Canadians, in this expanded realm, might have grown together and Newfoundlanders might have played their influential part from the beginning of confederation in fashioning the history of this new young nation and adding to her glories and her destiny, as they are doing now and as Newfoundlanders will continue to do.

Forty-four years had passed since the last provincial members had been previously added to confederation, in 1905, and all Canadians welcomed with enthusiasm the entry of Newfoundland into the Canadian family. This is the spirit, I am sure, in which the house approaches this present measure today. It is in the larger spirit of the larger Canada.

Our concern in this present measure must, of course, relate to the financial basis of

Newfoundland's confederation with Canada. I shall not delay the committee by any extended review of the financial terms of confederation. They are contained in articles 23 to 29 of the terms of confederation.

Article 23 related to the assumption of debt. Article 24 related to the disposal of the financial surplus that Newfoundland had at that time; article 25 to the retention by Newfoundland of its interest in the proceeds of a particular loan at that time. Article 26 provided for the payment of annual subsidies by Canada to the province of Newfoundland, and it is under that provision that the subsidies have been paid in the interval. Article 27 provided for the entry of Newfoundland into a tax agreement with Canada similar to that which had been entered into by the majority of the provinces at that time in relation to the sharing of the proceeds of the direct standard taxes. Article 28 provided for the payment of a series of annual transitional grants over a period of 12 years by Canada to Newfoundland.

These grants, for the first three years, were to be in the amount of $6,500,000 each, and from that point they graduated down until in the tenth year the amount was to be $1,050,000; in the eleventh year, $700,000, and in the twelfth year, $350,000. The last of these payments will be made in the fiscal year which will end on March 31, 1961.

Then we proceed to article 29, from which the measure now under discussion stems. The background of article 29 of the terms of union is, I am sure, well known to all members of the house. There existed at the time of confederation wide differences in the degree of development attained in Newfoundland as compared with the rest of Canada. Newfoundland, with Labrador, is a land of vast resources, but while there had been some development of those resources the great period of their development lay in the future. There was in Newfoundland a pronounced lack of what has come to be known as social capital, public investment in roads, schools, hospitals and other services. Communication was limited. The island government, however, was virtually free of debt.

Under these circumstances it was quite clear to those who negotiated the terms of confederation that following the union there would be what I might call a period of bridging the gaps. Premier Smallwood has called it a period of transition. The gaps which it was contemplated would need to be bridged involved time, first, to equalize services in Newfoundland wih those in other parts of Canada, and time also, in the second place, to develop the tremendous potential of Newfoundland. So far as the equalization of services was concerned, regard was had in term 29 to the state of taxation in the three maritime provinces.

I have stressed that this was a period of bridging the gaps or, as Mr. Smallwood has called it, a period of transition. It was not contemplated that this period would last forever. On the contrary, it was thought of as a period that would be limited in time, but at that stage no one could say how long the period would continue.

Now, sir, I think it appropriate to examine the terms of article 29. It reads as follows:

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

It may be, Mr. Chairman, that the terms of this article have not been always clearly understood. It may be that in a sense they have been oversold in the understanding of some in relation to the fair interpretation of this important article. It is clear on examination that the elements in this article of union are as follows. First, the royal commission was to be a federal royal commission. In the second place, it was to be appointed within a period of eight years after the first day of April, 1949. No time was set for the completion of the hearings of the royal commission or the date of its report. The provision simply was that the appointment should be made before March 31, 1957. The reason given in the article for the appointment of the royal commission is in the opening words. It relates to the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada.

The purpose the royal commission was to serve was twofold. First, it was to conduct a review and, second, it was to make recommendations. It was in the first place to review the financial position of the province of Newfoundland, and in the second place it was to recommend the form and scale of additional financial assistance, if any, that might be required by Newfoundland. "Additional financial assistance" obviously means in addition to the transitional grants provided for in article 28 and the subsidies provided in article 26. The purpose of the additional

financial assistance, if any, was, first, to continue the public services reached in the post-union period. It is quite clear, and this has been a matter of comment since, that it was not to improve these services but to continue them. And second, this was to be done without resorting to taxation heavier in relation to capacity to pay than obtained in the three maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island.

The terms of reference of the royal commission were thus completely defined in article 29. The article, it may seem strange to some in reading it, makes no provision whatever for what is to follow the report of the royal commission. It is completely silent on that point. It gives no indication of what disposal shall be made of the recommendations the royal commission might make. Indeed, in terms of the express obligations created by this article it is quite clear that the only obligation expressly created on the part of the federal government was the appointment of a royal commission.

This limited extent of the provisions of article 29 was clearly recognized in the debate in this house on the terms of union, which occurred in February, 1949. The then prime minister, Mr. St. Laurent, in introducing the resolution on February 7, 1949 made this comment on article 29 as recorded at page 289 of *Hansard*:

> It was also provided that within eight years from the coming into force of the terms of union a commission would be set up to examine the situation anew, and to report as to whether or not the terms provided are working satisfactorily and are sufficient to bring about the object of equalizing the lot of the people of the new province with that of the people of the older provinces. There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission. It was felt by the Newfoundland delegation, and by the representatives of the Canadian government, that this was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of a royal commission. It was felt if there was an investigation and a report by a commission, in which the public at that time would have confidence, the legislators of that day could well be trusted to do what would prove to be right in order to make this enlarged nation a united nation continuing on its path of progress toward its great destiny.

I am sure every hon. member of this present parliament would applaud in full that comment made by Mr. St. Laurent on February 7, 1949. It is unquestionably an interpretation of the terms of article 29 to which no exception can be taken by anyone and it correctly expresses, I am sure, the spirit of the Canadian parliament in this day and in the days to come.

I may say that the same issue arose in the hearings of the royal commission, as was indeed inevitable. I will just mention several of the passages in the proceedings of the royal commission where the question arose. At page 1504 of the proceedings the chairman of the royal commission, Chief Justice McNair of New Brunswick, made this comment on the terms of article 29 and the work of the royal commission. He said:

> Anything we do here will have no binding effect.

Further, at pages 1512 and 1513 the chairman said, and this time his remarks were replied to by Mr. Carl Goldenberg, the very distinguished counsel who represented the province of Newfoundland before the royal commission:

> A number of questions arise in my mind on this point, Mr. Goldenberg. Our recommendation alone—

That is the recommendation of the commission.

> —will create nothing binding.

Mr. Goldenberg replied "No". Then the chairman commented further on page 1513:

> Our recommendation alone has no effect.

To this Mr. Goldenberg replied:

> It is only a recommendation to the government of Canada.

Premier Smallwood, and I add this for the completion of the record on this subject, at pages 1604 and 1605 apparently approached the question from a slightly different point of view. In speaking of term 29 he said:

> —but spells out—I thought until this hearing—very carefully and very clearly the actual words of the terms of reference.

He proceeded to base his argument on the terms and he said:

> The recommendations you make—

He was addressing the royal commission.

> —will morally bind not only the government of Canada to submit them to the parliament of Canada with their own qualified recommendation, but will morally bind the parliament of Canada to adopt them.

Premier Smallwood was there basing his argument on a moral obligation, while it was quite clear it was the stated view of the commission, as it was of the eminent counsel who appeared on behalf of Newfoundland before the royal commission, that there was no explicit or binding obligation. Therefore, Mr. Chairman, I pause at this time simply to draw this inference in the light of the statements of Mr. St. Laurent, who was prime minister in 1949, and the statements by Chief Justice McNair and Mr. Goldenberg that what we do now in this parliament in 1959 is not done under any literal compulsion or binding stipulation, for there is none in article 29 or

elsewhere. What we do now is an expression of the desire of the Canadian parliament and the Canadian people to be just and fair to our new partner in confederation, according to the abiding conceptions of justice and fair play of the Canadian people and their parliament.

These are the same conceptions of justice and fair play which animated the Canadians in 1867, in 1870, in 1871, in 1873 and in 1905 on the occasion of the accession of the other provinces to the federated family. It is the same spirit in which I am sure we can trust the parliament of Canada in the year 1962 to approach the same problem.

The royal commission was appointed by the former government on February 21, 1957 in fulfilment and discharge of the obligation created by article 29. The order in council naturally follows precisely and verbatim the language of article 29. I think regard must be had naturally to the personnel of the royal commission, particularly in the light of the language used by Mr. St. Laurent as I quoted him in 1949 when he referred to the commission at that time as men in whom the public would have confidence. Three distinguished commissioners were chosen; one was the chief justice of New Brunswick, Chief Justice McNair, who was chairman of the commission; the next member of the commission was Sir Albert Walsh, chief justice of Newfoundland, who had participated as one of the representatives of Newfoundland in the negotiation of the terms of union. The third member was Mr. John Deutsch, former assistant deputy minister of finance.

I do not need to say, I am sure, Mr. Chairman, that any royal commission composed of men of the experience and capacity of the members of this commission must be regarded with great respect in any part of Canada. The personnel of this commission was quite evidently chosen by the Canadian government of that time in consultation with the government of Newfoundland, because it is quite clear that the personnel of the commission was completely satisfactory to the government of Newfoundland. I have before me a press dispatch dated February 25, 1957, which appeared in the Charlottetown *Guardian* and which reads:

> A beaming Premier Smallwood groped for superlatives Friday to express his delight at the choice of members for the royal commission to review Newfoundland's financial terms of union with Canada.
>
> Work of the commission, whose appointment was announced in the commons Friday by Prime Minister St. Laurent, would be "of absolutely terrific importance to Newfoundland," Mr. Smallwood told a press conference.
>
> The future of Newfoundland's "standards and levels of services will be determined by the recommendations of the commission," he said. It would recommend "the form and scale" of additional financial assistance.
>
> Commission chairman John McNair, chief justice and former premier of New Brunswick, was "long a personal friend of mine," Mr. Smallwood said. Mr. McNair was "a famous fighter for maritime rights and after we went in for Atlantic provinces rights."
>
> John James Deutsch was "probably the most knowledgeable man in all Canada of federal-provincial affairs." He was "a great friend of Newfoundland . . . a man of great sympathy for Newfoundland."
>
> Of Newfoundland Chief Justice Sir Albert Walsh, third of the three commission members, Mr. Smallwood said "Newfoundland could be searched from end to end and we would not find a better man to represent Newfoundland on this royal commission. He is thoroughly informed."

When we as a government came into office on June 21, 1957 the royal commission had not yet commenced its sittings, and asked for directions from the new government in that respect. We requested the royal commission to carry on, and did everything in our power as a government to facilitate their inquiry.

The royal commission had not proceeded very far before it encountered the inevitable difficulties raised by the vague and nebulous terms of the reference which had been taken from article 29. The difficulties confronting the royal commission revolved principally around the problem of projecting a selected year into the indefinite future. It was the difficulty of determining future needs on the basis of past conditions.

This problem is quite clear to anyone reading the report, and it confronted the royal commission with constant difficulties. I shall not detain the committee by an extended review or an attempt at an extended review of the report of the royal commission. I am assuming that all hon. members are acquainted with its contents. Perhaps I might just mention a few passages in passing to emphasize the highlights of the report, both as to the difficulties confronting the royal commission and as to their findings. On page 3 we find this sentence:

> The economy of Newfoundland was more highly dependent upon external markets than any Canadian region.

On page 4:

> The new provincial government came into existence virtually free of debt and with $40 million in its treasury. These substantial resources were available for the improvement of public services and the promotion of economic development. However, these tasks had to be assumed under a number of serious handicaps. Unlike the rest of Canada, Newfoundland had not received the benefits of over 80 years of aggressive federal policies designed to assist economic development and to foster economic expansion. Newfoundland had been outside the great national structure of transportation facilities, highly developed government services, and extensive regional and industrial supports. Newfoundland was without a modern system of transportation. In the greater part of the populated area there were no roads whatever and in

the remainder only a few miles were up to modern standards. The natural resources were largely unsurveyed and unexplored. Very few intensive investigations had been carried out. Little or no research had been applied to problems of untilization and marketing, even in the fisheries.

At page 5:

In this respect Newfoundland was at about the same stage as the maritime provinces were in 1867.

At page 8—

Mr. Pickersgill: I wonder whether the minister would mind reading the few lines in between.

Mr. Fleming (Eglinton): Yes, I shall be glad to read them. I am trying to pick out the essential highlights of the report without spending too much time on it. The words in the interval between those two last passages are as follows:

"Newfoundland has had a long history of poverty; and this poverty meant the neglect of the public services."

That quotation is taken from the submismission of the province of Newfoundland to the royal commission on Canada's economic prospects. The report continues:

The deficiency in the public services was strongly evident in the lack of social capital and in the limited development of the social services. Aside from St. John's, and a few other centres the province was without municipal organizations or municipal facilities. In this respect Newfoundland was at about the same stage as the maritime provinces were in 1867.

At page 8:

There have been few really major improvements in the levels and standards of services. The deficiencies of the past have not been substantially overcome.

Further down:

The Newfoundland portion of the trans-Canada highway is not more than a quarter completed in terms of total estimated cost. There is no trans-provincial road whatever. The majority of the numerous small settlements in the province are still without any road connections.

Further down:

In short, Newfoundland is confronted with the urgent task of modernization, but is without the modern means of mobility and communication.

At the bottom of the page and extending over to page 9:

The average per capita incomes in Newfoundland are further affected by the more limited opportunities for female workers and by the fact that the proportion of the population of working age is significantly smaller than elsewhere in Canada. In 1956, 41 per cent of the population of Newfoundland was under 15 years of age as compared with 32 per cent for Canada as a whole.

Further down on page 9:

The addition of Labrador to Canadian territory has added also another frontier rich in minerals and water power. Labrador is already making its contribution to the vital role which undeveloped frontiers have played in the history of national economic expansion.

Then on page 16 in the course of the financial review the report proceeds:

The total of the federal payments—

This is in the post-union period.

—comprised 73 per cent of the total provincial net revenue in the fiscal year ending March 31, 1951 and 48 per cent in the fiscal year ending March 31, 1957.

Further down on the same page:

In other words, during the past three years the revenues of the province on ordinary account have fallen more and more short of the requirements for ordinary expenditures.

Further down on the same page:

In the most recent fiscal year ending March 31, 1958, the estimated financial requirement was nearly $16 million, all of which would have had to be borrowed.

Then on page 18:

In the early years the debt position of the provincial government was very favourable. At the outset the provincial government had in hand a substantial net cash surplus and was virtually free of any net debt charges. Since 1952 the provincial debt has increased steadily.

And further down:

The total estimated net direct and indirect debt of the government of Newfoundland outstanding on March 31, 1958, was $71.0 million. This total amounted to $163 per capita compared with about twice this amount per capita for the governments of the maritime provinces combined. These comparisons would appear to indicate that the debt position of the government of Newfoundland continues to be favourable in relation to the maritime provinces.

Then on page 19 the commission enters upon chapter III which relates to the levels and standards of public services in Newfoundland. Here on page 19 the report points out—

The Chairman: Order. I must advise the hon. member that his time has expired. Is it the pleasure of the committee that the minister be permitted to continue?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): I thank the committee, Mr. Chairman. On page 19 the report states as follows:

It must be assumed that the phrase "the levels and standards reached subsequent to the date of union" means the highest levels and standards reached. Otherwise term 29 has little meaning.

And further down:

The brief presented on behalf of the government of the province of Newfoundland in support of additional financial assistance assumes that the highest levels and standards of public service reached subsequent to the date of union were reached in the fiscal year 1956-57.

Then at page 25:

The calculations show that there has been a fairly steady improvement in the per capita levels

and standards of public service over the period 1949 to 1956 although half of that improvement was due to increased federal grants in aid. The level of service in 1956 was about 22 per cent higher than in 1949.

Then, Mr. Chairman, I turn to page 37, where the commission concludes its chapter on the burden of taxation with this observation:

—we have come to the conclusion that the burdens imposed by the present tax systems of Newfoundland and the maritime provinces are of the same order and that, for the purposes of our inquiry, we should regard the burden as approximately equal.

Then at page 38 begins the important and final chapter V containing the recommendations of the commission. At page 38, after setting out certain tables, the commission reaches the conclusion that the revenue deficiency—and this is the final line of the table—including the transitional grant of $2,250,000 is $5,190,000 for the fiscal year in 1956-57. The commission's observation on this table is as follows:

It will be seen from the above table that the total requirements for 1956-57 exceeded the total revenue, exclusive of the transitional grant, by $5,190,000. In other words, on the basis of 1956-57 the province would require additional revenue of $5,190,000 less the transitional grant of $2,250,000, or $2,940,000, to continue public services at the levels and standards reached.

Then at page 39 in the next paragraph following we find this:

The terms of reference require the determination of the additional financial assistance necessary to continue public services at the levels and standards reached subsequent to union. In our view the words "to continue" involve consideration of the future at least as far as to make some assessment of the probable course of revenues and expenditures. While it is impossible to project the expenditure requirements and revenues of the province into the future, we feel that we should give consideration to the financial position of the provincial government as indicated by the estimates for the year 1957-58 furnished to us by the financial adviser to the province.

Then the commission proceeds to set forth a table relating to the fiscal year 1957-58, which concludes with this line:

Estimated revenue deficiency, including the transitional grant of $1,400,000, $8,102,000.

On that point the commission makes this comment:

The revenue deficiency indicated by the above table amounts to an estimated $8,102,000 inclusive of the transitional grant of $1,400,000 or $6,702,000 excluding the transitional grant.

Then on page 40, the final page of the report, the commission, after saying that with respect to the year 1957-58 the recession is no more than a temporary condition, proceeds to this final paragraph of the report:

After giving consideration to the deficiency in revenue indicated by our calculations for the fiscal years 1956-57 and 1958-59 and after attempting to make a fair and equitable assessment in respect of the uncertainties and special factors mentioned above, we find that the government of Newfoundland requires, as from April, 1957, additional financial assistance of $8,000,000 per annum, less the transitional grant while it applies, "to enable it to continue public services at the levels and standards reached subsequent to the date of union without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island". Accordingly we recommend additional financial assistance as follows:

(a) for the fiscal year beginning April 1, 1957, $8,000,00 less the transitional grant of $1,400,000 or, $6,600,000;

(b) for the fiscal year beginning April 1, 1958, $8,000,000 less the transitional grant of $1,050,000 or, $6,950,000;

(c) for the fiscal year beginning April 1, 1959, $8,000,000 less the transitional grant of $700,000 or, $7,300,000;

(d) for the fiscal year beginning April 1, 1960, $8,000,000 less the transitional grant of $350,000 or $7,650,000;

(e) thereafter $8,000,000 per annum.

The report concludes at that point. It is signed by the three commissioners and evidently is a unanimous report. I have already said, Mr. Chairman, that having regard to the personnel of this royal commission its recommendations are entitled to great respect.

There are two questions which arise, I think, when anyone reads this report. The first is as to why, without any explanation, in the final chapter the royal commission departed from the year 1956-57, which was the basic year upon which all the evidence had been submitted up to that point, and chose to base its recommendation on the fiscal year 1957-58. That question remains unanswered.

The second question which arises is as to what the commission meant by the word "thereafter" in the final line of the final recommendation. This naturally presents a question, and in endeavouring to determine the meaning to be given to this expression in the report one must of course have regard to the fact that these commissioners are not men who are given to expressing themselves in words of imprecise meaning. Had they meant to say that these payments were to run indefinitely I think it might be expected that they would have said so explicitly. Certain it is that the province of Newfoundland did not ask or expect the royal commission to make any recommendations of this nature that would have indefinite effect. Indeed, counsel for the province, Mr. Goldenberg, in his submission dealt with this subject explicitly. At page 621 of the proceedings

Mr. Goldenberg, after dealing with the annual amount sought by the province of Newfoundland, made this comment:

> This is the minimum additional financial assistance now required in order to continue the existing levels and standards of services on a most conservative basis. It is not suggested, however, that such assistance will be required indefinitely.

Then further, at pages 627 and 628, Mr. Goldenberg, the eminent counsel for Newfoundland, again dealt with this aspect in his submission to the royal commission on July 26. He said:

> Now, Mr. Chairman, I am not suggesting that this additional financial assistance will be required by Newfoundland indefinitely. As Newfoundland's public services improve and its economy expands, the differentials in income and in tax burdens as compared with other provinces will narrow; with the narrowing of the gap, the dependence on grants from the government of Canada will decline. Accordingly, while Newfoundland is now entitled, under the provisions of term 29 of the terms of union, to receive additional annual financial assistance of the order of $17,000,000, provision should be made for a further review of its financial and economic position within a reasonable period of time.
>
> Accordingly, Mr. Chairman, on behalf of the government of Newfoundland I submit that the government of Newfoundland is entitled to claim from the government of Canada an annual grant of $17,000,000 subject to the adjustments which we have discussed over and above all other federal grants as the additional financial assistance required under the explicit provisions of term 29. I recommend further that the said grant should be paid annually to the province of Newfoundland, commencing in the fiscal year 1957-58. I recommend that the amount of the said annual grant should thereafter be subject to periodic review. That, Mr. Chairman, completes my presentation of the case under term 29.

I may add, Mr. Chairman, that throughout the hearings on more than one occasion the same theme had been reiterated, that the annual amounts which were being asked for by Newfoundland were not being asked on the basis of a period of indefinite duration but that there should be a further and later review.

Mr. Chairman, I do not need to remind the house of the reaction of the government of Newfoundland to the report when it was made public in July of 1958. If I say the report was received with keen disappointment in Newfoundland, I perhaps understate the reaction in the tenth province. This subject was discussed in this house last September, and I am sure I do not need to remind hon. members of the expressions used on that occasion. However, the discussion occurred, on September 4 and 6 and the comments of the premier of Newfoundland on the recommendations are recorded in *Hansard* at page 4724 of September 6. Feelings in Newfoundland were obviously deeply disturbed by the report, and the comments of the head of the government of the province were put in strong terms.

A meeting followed, Mr. Chairman, in Ottawa last January 26. Premier Smallwood and Mr. Spencer, the provincial treasurer of Newfoundland, came to Ottawa accompanied by Mr. A. B. Perlin, who had been a member of the royal commission which had prepared the submission which the province made to the federal royal commission, as well as Mr. Carl Goldenberg, the counsel. Premier Smallwood and Mr. Spencer met with the Prime Minister and myself in the morning. The conference continued in the afternoon without the Prime Minister, but officials of the Department of Finance were also present on this occasion.

I am not going to review in detail the nature of the extended and friendly discussions which were held at that time. Premier Smallwood was highly critical of the report of the royal commission. He criticized it on various grounds, and he asked that the federal government provide larger payments than those recommended. He pressed for a review at a later date on the subject of fiscal relations between the province and the dominion. He pointed out he had previously recommended that there should be this further and later review. In the course of the discussion possible dates for such a review were mentioned, and Mr. Smallwood suggested that in view of the imponderables in the situation concerning the future, this review should take place in the year 1965, or thereabouts; and he referred to the fact, as he put it, that there had already been ten reviews of the financial provision made on behalf of the maritime provinces in confederation since 1867.

I turn now to recall to the minds of hon. members that in the meantime, since the royal commission had been appointed in the spring of 1957, this government had moved, I think I may say swiftly, to enlarge the payments made to Newfoundland which were not related to the provisions of term 29. The Atlantic provinces adjustment grants came into effect on April 1, 1958, and provided for payments out of the federal treasury to the four Atlantic provinces of a total of $100 million over the four fiscal years then commencing. That provision had followed approval given to it at the dominion-provincial conference in November, 1957, and a meeting of representatives of the governments of the four Atlantic provinces at Halifax later in 1957, at which agreement had been reached as to the distribution of this $25 million annual payment from the federal treasury.

The agreement was that the payment should be divided at the rate of $7,500,000 each per annum, to Newfoundland, New Brunswick and Nova Scotia, and $2,500,000 to Prince Edward Island. It is, I think, of interest to say in this committee that the fact that there was this equal distribution among the three provinces of Newfoundland, New Brunswick and Nova Scotia reflects credit upon the attitude of the province of Nova Scotia, having regard to its very much larger population. Also an additional 3 per cent was provided for the provincial share of the yield from the standard taxes by an amendment to the Federal-Provincial Tax-Sharing Arrangements Act.

Those were increases in the unconditional payments made by the federal treasury to Newfoundland amounting in all to approximating $9 million per annum. On the side of conditional payments or cost sharing arrangements there was, of course, a very substantial addition for the benefit of Newfoundland. Here, Mr. Chairman, if the committee would approve, I might place on record for the information of hon. members a statistical summary of federal contributions to and for the benefit of Newfoundland for the fiscal years 1949-50 to 1959-60 inclusive classified under four headings; unconditional grants, conditional grants, payments for the benefit of provincial institutions and payments to individuals.

Mr. Pickersgill: On that point I think it would be extremely prejudicial to a dispassionate consideration of this case if those figures are to be given only for Newfoundland. I think they should be given for the four Atlantic provinces in exactly comparable form and for the provinces of Manitoba and Saskatchewan, with which comparisons have always been made in the past. Would the minister do that?

Mr. Fleming (Eglinton): I have not those figures with me, though they could be brought together. They were prepared for an order for return which was passed some time ago. However, I have not those figures here. While I believe we should consider this matter with the utmost harmony, having regard to its considerable constitutional importance, I could not agree that for this purpose the figures for other provinces have any relevance. The hon. gentleman and I may not agree on that. No one doubts that there were payments made to other provinces and that the payments were made in keeping with federal legislation, but this table which I was proposing to place at the disposal of hon. members is not put forward for the purpose of comparison with other provinces but simply to give the committee the factual data as to the provision which has been made and from which Newfoundland has derived benefit in the period since confederation.

Mr. Pearson: Would the minister agree, however, that the payments which relate to the other provinces were made without consideration to any other payments which had been made previously as a result of obligations to those provinces?

Mr. Fleming (Eglinton): Oh, yes. I pointed out that these payments were made without any regard to the terms of term 29. In the preliminary figures for the years 1958-59 and 1959-60 this table includes the payments which are in contemplation as a result of the measure now under discussion.

The Acting Chairman (Mr. McCleave): Does the committee give the minister permission to include this compilation as an appendix to *Hansard*?

Some hon. Members: Agreed.

Mr. Pickersgill: In spite of the lack of courtesy shown me by the Minister of Trade and Commerce on Saturday, I do not object to what the Minister of Finance is asking for now.

Mr. Churchill: Nonsense. You were trying to break the rules, that was all.

Mr. Fleming (Eglinton): I appreciate the consideration extended by the hon. gentleman. I was simply putting this on the record because I thought the information might be of assistance to hon. members with regard to this point. I think it would be more useful to have them in the text of my remarks at this point rather than as an appendix to *Hansard*, and perhaps, Mr. Chairman, you would so direct.

The Acting Chairman (Mr. McCleave): Is it agreeable that the table be inserted in *Hansard* at this point of the proceedings?

Some hon. Members: Agreed.

[*Editor's note: The statistical summary referred to follows.*]

STATISTICAL SUMMARY OF FEDERAL CONTRIBUTIONS TO NEWFOUNDLAND FOR THE FISCAL YEARS 1949-50 TO 1959-60

The statistical information for section A, unconditional grants, has been drawn from the public accounts of Canada. The information for section B, conditional grants, has been drawn for the fiscal years 1949-50 to 1952-53 from D.B.S. publication "Financial Statistics of Provincial Governments" and from fiscal year 1953-54 to 1957-58 from D.B.S. publication "Financial Statistics of the Government of Canada" which commenced publication with the former fiscal year. The figures for 1958-59 and 1959-60 are from various departmental sources and are preliminary. While the information is generally complete, in some cases no provincial distribution has been available and this has then been made on the basis of previous or anticipated experience.

The information in sections C and D is drawn from the public accounts of Canada, departmental and agency sources.

With respect to slum clearance (section B), this is the net cost. It does not include advances for purposes of land assembly and low cost housing projects some part of which is recoverable.

1. NEWFOUNDLAND—1949-60

(in thousands of dollars)

	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	Preliminary 1958-59	Estimated 1959-60	Total
A—Unconditional grants												
1. Statutory subsidies	1,925	1,540	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	17,586
2. Transitional grant	6,500	6,500	6,500	5,650	4,800	3,950	3,100	2,250	1,400	1,050	700	42,400
3. Tax rental (1)	4,860	7,200	7,733	12,789	11,825	12,547	12,484	13,805	4,449	4,737	5,402	97,851
4. Equalization	—	—	—	—	—	—	—	—	11,579	12,155	13,820	37,554
5. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
6. 50 per cent share of income tax on power utilities	—	—	62	98	161	190	208	214	247	286	296	1,762
7. Atlantic provinces adjustment grant	—	—	—	—	—	—	—	—	—	7,500	7,500	15,000
8. Term 29 award	—	—	—	—	—	—	—	—	—	13,550	7,300	20,850
Subtotal	13,285	15,260	15,864	20,106	18,355	18,256	17,361	17,838	19,244	40,847	36,587	233,003
B—Conditional grants												
1. Agriculture	—	—	—	—	8	33	81	130	137	162	164	715
2. Health	390	980	729	835	857	824	1,011	1,026	1,095	1,688	2,001	11,436
3. Hospital insurance	—	—	—	—	—	—	—	—	—	2,800	4,900	7,700
4. Welfare	1,468	4,719	3,224	952	1,019	1,020	1,126	3,716	3,456	4,577	4,762	30,039
5. Vocational training, etc.	—	47	63	90	84	414	142	406	385	181	345	2,157
6. Highways and transportation	—	958	999	527	877	2,018	2,240	1,171	861	4,913	3,025	17,589
7. Resource development	—	—	—	—	—	—	647	66	56	230	1,660	2,659
8. Slum clearance	—	—	—	—	—	—	—	—	—	—	—	—
9. Civil defence	—	—	—	—	3	21	31	33	14	25	46	173
10. Other	—	—	—	—	—	—	—	25	—	—	71	96
Subtotal	1,858	6,704	5,015	2,404	2,848	4,330	5,278	6,573	6,004	14,576	16,974	72,564
C—Payments for the benefit of provincial institutions												
1. University grants	—	—	181	187	192	199	206	415	426	657	675	3,138
2. Grants to municipalities in lieu of taxes on federal property	—	—	15	48	17	—	47	—	33	133	n.a.	293
Subtotal	—	—	196	235	209	199	253	415	459	790	675	3,431
D—Payments to individuals												
1. Old age security	—	—	1,697	6,996	7,243	7,460	7,599	7,738	9,491	11,000	11,160	70,384
2. Family allowances	9,747	10,224	10,614	11,039	11,498	11,968	12,415	12,881	14,131	15,200	15,600	135,317
3. Unemployment insurance benefits	3,291	4,042	2,257	3,553	5,877	7,532	3,261	9,896	15,189	17,871	n.a.	72,769
Subtotal	13,038	14,266	14,568	21,588	24,618	26,960	23,275	30,515	38,811	44,071	26,760	278,470
TOTAL	28,181	36,230	35,643	44,333	46,030	49,745	46,167	55,341	64,518	100,284	80,996	587,468

(1) The recovery of the overpayment under the 1952 agreement which amounts to some $102,315 per annum for fiscal years 1957-58 to 1961-62 has not been deducted from the tax rental payments for those above years to which the deduction applies.

n.a.=not available.

Grants to Newfoundland

Mr. Fleming (Eglinton): I hope not to detain the committee much longer. The government was faced with the necessity of making a decision with respect to the recommendations contained in the report of the royal commission, and to make such a decision in the light of what I have said about the extent of the provisions of article 29, of what I have said about the importance to be attached to the recommendation of the royal commission, the reservations on certain aspects, which one has on reading the report, and also the objections taken to the recommendation by the premier of Newfoundland notwithstanding what was said earlier about the personnel of the royal commission.

Under all the circumstances the government has decided to ask this house to make the following provision by the present bill. It has been decided to ask the house to provide for payments by the federal treasury to Newfoundland for the five-year period commencing April 1, 1957, and concluding March 31, 1962, at the rates recommended by the royal commission. The five-year period in question coincides with the current five-year period of agreements entered into in pursuance of the Federal-Provincial Tax-Sharing Arrangements Act. Indeed, it coincides with the current five-year period prescribed by that particular enactment of this parliament.

If the bill receives the approval of parliament there will be provision made for payment in respect of these five years of course, over and above the transitional grants which expire on March 31, 1961, of a total of $36,500,000. Of this sum nearly one-half will become payable forthwith. The payments that were recommended for the fiscal years 1957-58 and 1958-59 and the first of the two semi-annual payments for the current fiscal year, 1959-60, will become immediately due and payable, and they aggregate $17.2 million.

It is proposed that this provision be made on a continuing basis by this bill, and that the matter should not be left to be dealt with by items in the annual estimates. In this respect the bill gives effect to the request made by Premier Smallwood. The payments, of course, will be unconditional.

The second aspect of the matter concerns what is to follow March 31, 1962. Already, as a result of decisions taken at the dominion-provincial conference of finance ministers and provincial treasurers last Monday and Tuesday, a comprehensive study of all aspects of federal-provincial fiscal relations has been proposed, approved and launched.

I point out that this bill notes and states that in the course of that comprehensive review not only will the circumstances of Newfoundland be taken into account along with those, of course, of any other provinces, but that any special circumstances relating to Newfoundland will be taken into account in determining the financial relations between Canada and Newfoundland after March 31, 1962. This position is clearly set out in a recital in the bill. Thus parliament is invited to place itself on record as giving to Newfoundland an assurance which, we are led to understand, means much to Newfoundland and to which that province will, it is expected, attach no little importance.

This, then, is the approach of the government in this important matter, and I think it may be quite fair to say that it is an approach in the spirit of confederation that we believe will be served through the medium of this significant measure. In conclusion may I point out that all financial relations between the dominion and the ten provinces of this country must be reviewed as at April 1, 1962.

Mr. Pickersgill: Mr. Chairman, would the minister permit a question at this point. He said "must be reviewed". Could the minister give the statutory authority for that?

Mr. Fleming (Eglinton): I am not referring to statutory authority, Mr. Chairman. If my hon. friend will allow me to proceed I think he will see quite clearly what I mean. I point out that every province is concerned in what happens as from April 1, 1962, in regard to the financial relations between the dominion and the provinces. It is with this fact in mind that we proposed the comprehensive study which was approved and inaugurated last week. It is quite clear that Newfoundland's fiscal relations with the dominion are explicitly included in the scope of this comprehensive study. That is the setting in which this review will occur, as the Prime Minister said in this house in his statement of March 25.

What may be said of special claims on the part of Newfoundland? It is quite clear in the light of the difficulties the royal commissioners had to face that it would be impossible to make calculations today on that subject. No one can project that far in the future in a period when the development of resources in Newfoundland and Labrador is proceeding at a very rapid pace, and when the population is increasing at an unprecedented rate, and when many other changes are taking place. Therefore the bill expressly states in one of the recitals that "any special circumstances relating to the financial position of the province of Newfoundland after March 31, 1962, would be taken into consideration".

We have sought in this measure to spell out this matter in parliamentary form, indeed in

black and white. May I remind hon. members that apart from the constitutional subsidies, no other province—not one of the other nine provinces—has anything in black and white beyond March 31, 1962, to define its financial relations with the dominion; yet does anyone doubt that honourable solutions of fiscal problems between the provinces and the dominion after that date will be earnestly sought? This is the way the Canadian confederation has worked, and in the view of the government this is the way the Canadian confederation will work in 1962 and in years to come.

As a government we have endeavoured to demonstrate our concern over the fiscal problems confronting the provinces and the municipalities. We have enlarged our own federal burdens in order to assist the provinces and municipalities to meet theirs. As I have already endeavoured to point out, there is no binding stipulation on the federal government under article 29 to follow in any way the terms of any recommendations made by the royal commission; yet in the same spirit that animated Mr. St. Laurent in his statement in the house in February, 1949, which I read earlier, we are asking the house to appropriate by this bill for the period ending March 31, 1962, the sum of $36,500,000. In this way we are inviting parliament to express the desire of parliament and the Canadian people to be just and fair to Newfoundland.

Likewise there was no obligation on parliament to make any such provision as is now made through the medium of the Atlantic provinces adjustment grant; yet parliament made that provision and the four Atlantic provinces are deriving the benefits thereof today. Why was that done? While there was no legal obligation to do it, it was an expression on the part of the Canadian parliament of its view that the Canadian people are one family and that we must have regard to the problems of all sections of this great country. That measure was an expression of the spirit of confederation. It was an expression of the concern of the dominion, with the concurrence of the other six provinces, at the conference of November, 1957, over the well-being of the four provinces down by the sea. That concern, Mr. Chairman, will continue.

Mr. Carter: Will the minister repeat that statement?

Mr. Fleming (Eglinton): My friend will find it on record. I said it was a matter of concern, and that that concern will continue. So, Mr. Chairman, I do earnestly urge that the concern, the fear, let us say, in regard to what may happen in the future is not a justified fear. I think the expression contained in an editorial in the Ottawa *Citizen*, which is not a friendly newspaper to the present government, is a fair statement of the spirit that will actuate the parliament of Canada in the days to come. Concerning the recommendations of the royal commission and the action indicated by the Prime Minister in his statement in the house on March 25, the *Citizen* had this to say on March 28:

> No federal government, of whatever party stripe, is likely to seek by a deliberate act of bad faith to dismember that partnership.

So, Mr. Chairman, I do suggest that what we are doing today is proposed to the house in a spirit in keeping with the true spirit of the Canadian confederation. May I add, sir, that we look forward with confidence to a rapid advance by Newfoundland, to the fruitful development of her vast resources, to the exploitation of her material endowment for the benefit of her people, and to their enjoyment of public services, schools, hospitals and roads, worthy of Canada's Atlantic bastion. In assisting Newfoundland to attain her just place in Canadian prosperity and well-being, it is our hope and wish that the financial provision made by this bill and the assurances which accompany it will be effective, helpful and timely, and that they will demonstrate to our compatriots in the tenth province the warm and respected place they hold in the hearts and hopes of the other members of the Canadian family.

Mr. Pearson: Mr. Chairman, the committee will have listened, I know, with the greatest possible interest to the statement the minister has just made on the resolution before us. If I may quote the words of the minister as I took them down, "having regard to the importance and the nature" of the subject matter of this resolution, dealing as it does with fundamental matters concerning our confederation, it seems to me that it would have been more appropriate to have had this legislation introduced and sponsored in the house by the Prime Minister, the leader of the government. I say that without, of course, any disrespect to the minister who has put the case as he sees it before us this morning very clearly and in very moderate terms and tones. But I think it would have been even more appropriate if the Prime Minister had taken the responsibility for this legislation because of the statement he made on this matter in March last, and I will have something to say about that later.

This resolution deals with a matter which in a sense is concerned with the completion of the work of confederation. There was no

single move made by the previous government, of which I had the honour to be a member for some years, which caused our party greater pride than that which brought about, except in regard to this one bit of unfinished business, the completion of this great work of unity in confederation, this great work of national development which had eluded the efforts of Canadian and Newfoundland statesmen for many, many years before it was successfully accomplished ten years ago.

There was, however, as I have said, one piece of unfinished financial business which was in a sense postponed but is dealt with in an article which is an integral part of the terms of union, article 29. Term 29, as it is called, was as much a condition of union as any other article of this fundamental pact which brought about union. We should keep it very much in our minds that if term 29 had not been included perhaps confederation could not have been completed at that time. I think those of us who had something to do with the negotiations which were so successfully concluded then will all agree as to the importance of term 29.

That article, just as much as the others, constituted a specific and solemn undertaking given by the Canadian government and accepted as satisfactory by the government of Newfoundland as the result of which two sovereign nations—I admit that one of them at that time had its sovereignty temporarily in a commission—within the commonwealth of nations signed a pact, a treaty if you like, which provided for their union. Indeed in that sense, because of the circumstances that surrounded the negotiations at that time ten years ago, the negotiations and this pact, if you want to call it that, differed from the negotiations, agreements and arrangements which covered the colonies coming into a confederation through an act of the British parliament in the nineteenth century. That is the way term 29 as part of the pact of union is regarded by the people of Newfoundland, and I think it is the way it should be regarded by all Canadians.

Perhaps I might put on the record, because I think it correctly reflects the views of the people of Newfoundland with regard to the significance of term 29, an excerpt from the budget speech of the minister of finance of Newfoundland, Hon. Mr. Spencer, on June 26 of this year. I quote what he had to say at that time in the Newfoundland legislature:

> It will be useful, I think, if I put the simple facts on the record. These facts are unmistakable. It would require almost a wilful attempt to misunderstand them.
>
> This term—

[Mr. Pearson.]

He was talking about term 29.

> —was passed by the parliament of the United Kingdom, House of Commons and House of Lords. It was passed by the parliament of Canada, House of Commons and Senate. It was confirmed by the government of the day in Newfoundland. That would be the commission of government. It forms part and parcel of Canada's constitution, the British North America Act of 1867 with amendments. It is therefore no ordinary document. It is not a contract made between two tradesmen. It is rather a solemn agreement made between two high contracting parties, these being the government of Newfoundland and the government of Canada at a time when they were separate countries.

What is term 29? The minister put it on the record once, but perhaps he will permit me and the committee will bear with me if I read it into my own remarks.

> In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required—

May be required for what?

> —by the government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island.

I would just point out in regard to term 29 that there is no time limit in any way, shape or form, directly or indirectly; no time limit has been placed in this particular obligation.

Now, as the minister pointed out, in due course the royal commission to examine this matter of term 29 was appointed and it consisted, as he well said, of distinguished, competent, and I think objective persons who gave this problem the careful and considered examination to which it was entitled, and who made their report on May 31, 1958.

I agree with the minister that the matter under investigation was complicated. Indeed, the difficulties that faced this commission were only matched by their importance. There is no doubt about that. It was not easy, I am sure, for the commission to come to the conclusions that are embodied in its report. But I am perfectly certain that it did not come to those conclusions, and it did not make those recommendations, without a most exhaustive and painstaking examination, and without having received evidence from every possible source bearing on this problem.

This morning the minister put on the record some quotations from the report of the commission, and perhaps I may supplement one or two of them. He was quoting

from page 5 about the economic background of the immediate situation in Newfoundland. He quoted from the top paragraph on that page, or part of it, and I believe the last part of that paragraph should be added to what the minister said:

> In this respect Newfoundland was at about the same stage as the maritime provinces were in 1867.

The minister himself put that sentence on the record. Then the report goes on to say:

> The proportion of homes equipped with water and sewer services was only about one-third of the Canadian ratio. The death and disease rates were considerably higher than those in any other Canadian province, which indicated, among other things, a serious deficiency in health services. The physical facilities for education were generally inadequate.

There was, therefore, no question in anybody's mind—indeed, there is no question now—as to the need for help to bring about a situation in Newfoundland under which these deficiencies would be removed. In this respect, and indeed in other respects, Newfoundland would be assisted to reach at least the level of other provinces of Canada.

Then the minister also discussed certain observations of the royal commission on financial and debt matters. He read, for instance, from page 18 some sentences concerning the debt position of the provincial government which indicated, in the first sentence of that paragraph, that it was very favourable in the early years. I should like to put on the record also the last two sentences of that paragraph which he did not mention:

> However, in considering the significance of this relative position—

That is the position in regard to provincial debt relative to the other Atlantic provinces.

> —regard must be had to the fact that the government of Newfoundland has been encountering rising deficits on ordinary account over the last several years. Also, consideration must be given to the vulnerability and uncertainties of the Newfoundland economy and the significantly lower per capita personal income. In these circumstances special problems and limitations arise regarding the support of heavy fixed charges.

It was one of the purposes, of course, of the assistance to be provided under term 29 to raise the level of services which would involve heavier fixed charges. Then on page 19 of the report there is a paragraph dealing with the levels and standards of public services in Newfoundland, in which we find this:

> It must be assumed that the phrase "the levels and standards reached subsequent to the date of union" means the highest levels and standards reached. Otherwise term 29 has little meaning.

This has a bearing on something the ministers said about the year that was chosen as the basis.

> It would appear that the purpose of this clause in the terms of union was to ensure that levels and standards of public service reached in Newfoundland during the period under review would continue to be feasible for the province if its taxation were no less burdensome than that obtaining in the maritime provinces generally.

The minister quoted from the recommendations of the commission and wondered why the commission took the year 1956-57 as a basis; why did they pick on that year? Well, obviously they picked on the end of 1956-57 because that was the latest year at which a certain level had been established, and that must be the basis on which they must make their calculations into the future. I would have thought that was quite a reasonable attitude for the commission to adopt.

Then, having made these observations, the commission made its recommendations. I do not propose to put them on the record. The minister did that, and indeed it has been done before. The recommendation was that there should be a grant of $8 million a year, less the existing transitional grant, until 1961 and thereafter—thereafter being after the fourth year—$8 million per annum. There is no ambiguity about that; thereafter, $8 million per annum. There is no cut-off date recommended by the commission. There is no suggestion that the payment should stop at any particular time.

There is, of course, as the minister has pointed out, consideration given to the desirability of reviewing these matters; that would be the most normal and natural course to follow. But the provision for review which might have been agreed upon, I suggest, until any change had been made as a result of that review by agreement on both sides—any provision of that kind—could not affect the obligation of the recommendation of the royal commission; "thereafter $8 million a year".

Let me make it clear again what the understanding on this point was in Newfoundland. If we do not appreciate their clear understanding of the obligation which was undertaken by the federal government as the result of which Newfoundland accepted the act of union, and if we do not appreciate their feelings in this regard, it is difficult to understand their reaction to the announcement that was made last March. In the budget statement of the minister of finance he had this to say on this point:

> What is this treaty? It is a treaty under which one of these parties, Canada, undertakes to pay to Newfoundland each year the cost of continuing Newfoundland's public services at certain standards and levels. There is only one condition to this undertaking. The condition is that Newfoundland itself shall tax its people for that purpose no less

burdensomely than the governments of Nova Scotia, New Brunswick and Prince Edward Island tax their peoples for the support of their public services. Regard must be had, however, to the relative capacity to pay in each of the four provinces.

Then he went on to say this in his budget speech last session—

Mr. Fleming (Eglinton): In the session of 1958, does the hon. member mean?

Mr. Pearson: This is Mr. Spencer in his budget speech in Newfoundland.

Mr. Fleming (Eglinton): I beg the hon. member's pardon. I thought he said the Minister of Finance.

Mr. Pearson: I am sorry. I do not want to get my ministers of finance mixed up. This is the minister of finance of Newfoundland.

Mr. Fleming (Eglinton): I think he is known as the provincial treasurer.

Mr. Pearson: He calls himself minister of finance, anyway. He said this:

It is necessary to make one further observation on this matter. When the premier of Newfoundland and I visited the Prime Minister of Canada in January last the premier quite frankly suggested to the Prime Minister that Newfoundland would be pleased if the parliament of Canada provided for another review under term 29, according to the terms of reference of term 29.

There is no difference of opinion on that matter. The minister himself made that clear this morning. Then Mr. Spencer went on to say this:

The premier suggested that this second review might well take place within 16 years of the date of union. The $8 million a year would, he suggested—if the Canadian government would not in the meanwhile accede to Newfoundland's request to raise the amount—be paid each year for the eight years pending the holding of the second review. This is an altogether different thing from agreeing to pay the amount recommended for a strictly limited period of years, after which it was to come to a final and complete end. This review that might take place outside the terms of reference of term 29 would deprive Newfoundland of the special rights set up for her in term 29, and place her at the mercy of any general settlement which might be contrived from time to time for all the provinces or any number of them.

I realize that the minister made quite a point this morning of the fact that no legal obligation was imposed on the government of Canada by any recommendation of a royal commission. That, of course, is perfectly true. No legal obligation is imposed on the government of Canada by any recommendation of any royal commission. Perhaps no legal obligation was imposed on the government of Canada to continue the confederation subsidies after 1867. They had to be voted by parliament, and parliament was the master of its own destiny in regard to the voting of money.

[Mr. Pearson.]

Mr. Browne (St. John's West): May I ask the hon. member a question at this point? Does he not think that the British North America Act, having made provision for the payment, would have given the maritime provinces a right to this payment?

Mr. Pearson: Yes, indeed. The British North America Act has also been changed by term 29 of the act of union with Newfoundland. All I am pointing out is this. While these obligations are embodied in the constitution, both in the act of 1867 and amendments and in 1949, the money to carry out these obligations must be voted each year by the parliament of Canada; and if the parliament of Canada, in its sovereign wisdom, sees fit not to vote that money the province would not get the money and the obligation would have been infringed. If there is a constitutional obligation or a moral obligation of this kind—as I submit there is under term 29 and in the recommendation made by the royal commission under term 29—I suggest that the refusal by any federal government to carry out that obligation would be of the same nature as a refusal by the federal government to carry out similar obligations made in respect of other provinces for financial assistance when they came into confederation. Furthermore, it seems to me—

Mr. Walker: Might I ask the Leader of the Opposition this question. Was that the point of view of the then prime minister, Mr. St. Laurent?

Mr. Pearson: I will come to that matter. Indeed it was his point of view. I shall be glad to deal with that matter in a few moments.

But surely, Mr. Chairman, there was this obligation under term 29, and I think there was an equally strong moral and constitutional obligation with regard to the recommendations of the royal commission. If that is true, then any change with regard to these matters—and I am not suggesting that there should not be changes in the future—or any change with regard to recommendations of this kind made under term 29, should be a change made with the knowledge and approval of both parties to the contract. Indeed the Prime Minister himself last March, when he was referring to this matter, talked about a contractual obligation; and one party to a contract—especially a constitutional contract, a contract which is one of the bases now of confederation—surely has no right to alter the terms of the contract unilaterally. That is the argument I am now trying to make.

Mr. Chairman, I wonder whether you would call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Pearson: Mr. Chairman, at one o'clock I was discussing the nature and effect of the recommendations of the royal commission. I was asked a question about the legal significance of those recommendations. I quite agree, and the minister made it perfectly clear this morning, that recommendations of a royal commission of this kind do not have legal significance in the sense that they impose any legal obligation on the government that has set up the royal commission. Indeed, as the minister pointed out this morning, the then prime minister on Monday, February 7, 1949 made it quite clear what his understanding of the significance of the work and recommendations of the royal commission would be. He said—and I quite agree that there is no undertaking—

Mr. Walker: What page is that?

Mr. Pearson: It is February 7, 1949; I have not the page here.

Mr. Fleming (Eglinton): It is page 289.

Mr. Pearson: Page 289 of *Hansard* for February 7, 1949. The then prime minister at that time said there was no undertaking to implement any terms of any recommendations which might be made by a royal commission. It was felt by the Newfoundland delegation and by the representatives of the Canadian government that it was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of the royal commission.

On the other hand I think I am also right in my recollection, Mr. Chairman, that at that time—perhaps not exactly at that time but in discussions with regard to this matter—the Minister without Portfolio from Newfoundland had emphasized the importance that would be attached to the recommendations of this commission—

Mr. Browne (St. John's West): Mr. Chairman, may I make a correction. The passage which the hon. gentleman quoted from Mr. St. Laurent's speech was before the election of 1949, and I did not come into the house until October.

Mr. Pearson: That is right; but the minister also came into the house in 1953, I think it was; at any rate, when he was in the house he emphasized more than once the importance which would be attached to this royal commission when it was set up, and he argued that it should be set up. I think he said at that time, and he will correct me if I am wrong, that the government of that day should announce in advance that it would accept the recommendations of such a commission.

Mr. Chairman, I suggest that whatever the legal significance may be, the recommendations of a royal commission of this kind to implement term 29 of the act of union with Newfoundland should not be altered in their implementation by the federal government without consultation and agreement with the other party. The minister said this morning that they will be reviewed. Of course they will be reviewed, and I have tried to put on the record the understanding of the Newfoundland government in that regard. However, I suggest that until these recommendations, having regard to the nature of the commission, the importance of the work it undertook, and the constitutional character of that work, are altered as a result of the review in question, they should be implemented by the federal government.

The minister mentioned—and this has been mentioned before—that the Newfoundland government was not satisfied with the recommendations. They thought they were not generous enough to Newfoundland, and they wanted them reviewed and altered. There is no doubt they wanted them altered upward. If that suggestion of the government of Newfoundland had been accepted by the federal government there would indeed have been a review of those recommendations; there would have been an alteration of those recommendations accepted by both parties, and that would have been perfectly fair and perfectly normal. But that kind of alteration desired by the government of Newfoundland was not acceptable to the federal government. Surely if that is a reasonable position to take—and I am not quarrelling with it for the time being—that principle should be applied in both directions. It is not in accordance with what I think should have been the conduct of the federal government to make the kind of changes in the recommendation which it is now proposing to make and which are objected to by the government of Newfoundland.

It seems to me also, Mr. Chairman, that it is most unfair to justify this change in the recommendations by the argument that since union Newfoundland had also received a good deal of financial help from Ottawa, along with the other Atlantic provinces. That this particular help should have any bearing on the obligations under term 29 of the act of union with Newfoundland does not seem to me reasonable and fair or valid. Surely the grants to the Atlantic provinces which the minister talked about this morning are grants

to put all the Atlantic provinces in a better economic position and have no relationship, as the minister admitted himself, to term 29. The financial assistance under term 29 is designed to put Newfoundland on a level with the other provinces in respect of services on which improvement can begin and would be based. To use the additional financial assistance given to Newfoundland in another context and for other purposes to justify an alteration in the recommendations of the royal commission, Mr. Chairman, does not seem to me to be fair.

The Minister of Finance said this morning that feelings had been disturbed in Newfoundland last March on a certain announcement of government policy.

Mr. Fleming (Eglinton): Excuse me, but I must correct the hon. gentleman on that point. I spoke about the feelings in Newfoundland aroused by the announcement of the recommendations of the royal commission last summer.

Mr. Pearson: Well, the minister did that. He said that feelings were disturbed in Newfoundland owing to the announcement of the royal commission because those recommendations did not go far enough to satisfy the Newfoundland government and to satisfy what the people of that province thought were their just demands. But the minister also referred to the strong language which was used in Newfoundland as a result of the statement made here with regard to those recommendations.

Mr. Fleming (Eglinton): No, excuse me. The strong statements to which I referred were those put on record last September, and they related to the recommendations of the royal commission.

Mr. Pearson: I am sorry if I did the minister an injustice, but if he did not say so perhaps I can say so. Feelings were disturbed in Newfoundland last March, and that disturbance was expressed in strong language after the Prime Minister made a statement in this house on March 25 which unilaterally and without any consultation or agreement with the province of Newfoundland rejected a very important part of these recommendations. The Prime Minister had something to say about the recommendations that day, as reported at page 2215 of *Hansard*, and he put them on the record. The *Hansard* of that day made a very important omission, and after the Easter recess the Prime Minister corrected it and said there had been a mistake and that the figure for 1961-62 should be "thereafter, $8 million". So that was cleared up as far as *Hansard* was concerned. The Prime Minister then had this to say, and I am quoting from page 2216:

> My colleagues and I are accordingly of the opinion that parliament should be invited to take action on the commission's recommendations. It is proposed, therefore, to ask parliament to authorize payments as recommended by the royal commission, but in our view the duration of the payments should be limited to five years, as both Newfoundland and Canada have recognized the difficulties involved in making projections from one selected year into the future, and it has further appeared to be quite inappropriate to endeavour to provide for a fixed amount payable annually over a period of unlimited duration.

That is exactly what the royal commission did recommend, pending any agreed change in the recommendation. Then the Prime Minister went on to say:

> A resolution will shortly be placed on the order paper asking leave to introduce a bill to carry into effect these provisions pertaining to the terms of the union.

This was on March 25. The right hon. gentleman continued:

> The proposed payments will be unconditional, and will be in final and irrevocable settlement of the provisions of article 29 and the contractual obligations of the union consummated in 1949.

In other words, with respect to one part of these contractual obligations, without any agreement on the part of the other party—and this is a very important contractual obligation—the Prime Minister said "We will take action on term 29 of the act of union which will be in final and irrevocable settlement of that part of the agreement".

Mr. Diefenbaker: May I ask the hon. gentleman whether, in justice, he will read the final paragraph?

Mr. Pearson: I was about to do that. The statement goes on:

> On conclusion of the payments as of March 31, 1962, which corresponds with the conclusion of the present five-year fiscal arrangement between Canada and the provinces, Newfoundland's position can be considered in the light of the general methods of providing financial assistance to the provinces which may be in effect at that time.

In other words, this obligation under term 29 extends for five years unconditionally and after that time, though there is nothing which would indicate this in the pact or in the terms of reference of the royal commission, it can be reconsidered; the whole question could be reconsidered by the federal government in the light of the circumstances of that time, and the federal government would no doubt take whatever action it seemed desirable to take at that time.

I think I do the minister no injustice when I say this seems to be the purport and significance of the bill which will be introduced if this resolution is passed. That is something to which we on this side take strong

exception. When the Prime Minister talked about this, not in the house but at Saskatoon on March 28, as reported by the Canadian Press, he went a little further than he did in this chamber. This Canadian Press report which I quote from the Ottawa *Journal* under the dateline Saskatoon, March 28, reads as follows:

> Prime Minister Diefenbaker says he does not interpret a royal commission report as recommending continuing payments of $8 million annually to Newfoundland indefinitely after 1962.

Though if that is not the interpretation the word "thereafter" means nothing. To continue this report:

> Mr. Diefenbaker was commenting in an interview on the announcement of Premier Smallwood of a provincial "day of mourning."
>
> Asked about opposition leader Pearson's claim that a royal commission had recommended specifically continuing payments of $8 million annually indefinitely after 1962, the Prime Minister replied that he did not so interpret the recommendations.

What other interpretation can you give to a recommendation which includes the phrase "thereafter $8 million a year"? The report goes on:

> Mr. Diefenbaker said Newfoundland's financial position would be reviewed by 1962—"the whole problem of dominion-provincial fiscal relations will be looked into by that time".

And the Prime Minister went on to say:

> Premier Smallwood had had a say in appointments to the commission which was named by the previous Liberal government.

I am calling to the attention of the committee this statement that a recommendation to end payments in 1962 was made by a royal commission, and I ask the Prime Minister whether he can point to anything in the report of the commission which would justify such an interpretation of its recommendations.

Mr. Diefenbaker: May I ask a question? Does the hon. gentleman interpret the royal commission recommendation as requiring the payment in perpetuity of the amount in question, $8 million?

Mr. Pearson: There is no other interpretation which can be given to a recommendation of the kind I have just read, which includes the words "thereafter, $8 million per annum". It is true that there are other provisos about the burden of taxation but, of course, that does not prevent a review of the position before 1962 and it does not prevent a change in that provision; it does not prevent an alteration in the terms of the report of the royal commission. However, it is our contention, and surely a reasonable one because of the nature of this obligation, that such a change in this recommendation of the royal commission should be made only after review and agreement by the two parties to the change.

After all, as I have said, the province of Newfoundland has wanted a change already; it has wanted a higher figure than $8 million, and the federal government has said "No, we cannot agree". Should it not apply both ways? Until that change is made by agreement it is our contention that there is an obligation on the part of the government to maintain the recommendation of the royal commission established under the terms of the act of union with Newfoundland; and when the Prime Minister made his statement, and particularly when he elaborated on it in Saskatoon, it is no wonder that there was uneasiness and disturbance in Newfoundland itself.

The Prime Minister gave a broadcast in "The Nation's Business" series on April 20 and had this to say; I am quoting from the text of that broadcast:

> I believe that the keystone of our union is the maintenance inviolate of the interpretation of those rights in terms of the fullest measure of equality of opportunity for all Canadians everywhere.

In so far as we are able to understand the nature of this bill, as explained by the minister this morning, it does not carry out those highly desirable principles which the Prime Minister enunciated in that particular sentence. I have just given my own interpretation of what the minister said in general terms about the nature of the bill, and he can correct me if I am wrong. He suggested that there will be payments made for five years as recommended by the royal commission, and after that time the federal government will decide whether or not those payments are to be continued. In other words there is no obligation on the federal government to do anything after 1962 except to have the matter reconsidered before 1962. That seems to me to be contrary to the spirit of the obligation entered into by the federal government under article 29 of the terms of union.

The province can, the minister said, rely on the good will and understanding of the federal government to take all factors into consideration which have a bearing on the situation. The province of Newfoundland can rely on the federal government to do the right thing, but the province of Newfoundland has a stronger basis for action than just relying on the good will and understanding of the federal government, in our view. It has article 29 of the terms of union and the recommendations of the royal commission, which should not be altered except through agreement with the province of Newfoundland. Therefore I appeal to the minister

who spoke this morning and to the government to accept the recommendations of this royal commission until both parties to the act of union agree to their change.

Mr. Argue: Mr. Chairman, we in the C.C.F. group believe that Newfoundland has a very substantial claim for continuing grants from the federal treasury at such levels as will enable the province to maintain the level of services that has been reached in recent years without increasing their level of taxation beyond the general maritime level.

The objective, we feel, of national policy should be to raise the level of services all across our nation, but in particular the objective of national policy should be to increase the level of social services in the "have not" provinces. We believe it is essential in the context of our federal system that the federal government, which has such widespread taxing powers, should pay from general revenue to provincial governments by way of grants, moneys that will enable the residents of the "have not" provinces to enjoy substantially the same services that are maintained and enjoyed in the other provinces across this nation.

Anyone who has seen the province of Newfoundland will realize that levels of income and services in Canada's tenth province are definitely below the national average. As a matter of fact it is appalling to see many of the economic conditions that exist in that province. I refer to the lack of roads, and the housing that is below the standards that obtain in many other provinces. The general absence of prosperity and the appearance of prosperity as we see it in other provinces is very apparent.

During the few days I spent in Newfoundland last year I was given a very friendly reception and enjoyed meeting with the Canadian citizens of that province. Although I come from a province that has not enjoyed the same per capita income that has been enjoyed in some of the other provinces I was nevertheless shocked at what I saw of the economic conditions in Newfoundland. I remember being in one village where they were constructing some new streets and houses. The width of the new streets that were being surveyed, I was told, was just 50 feet. I asked why they would construct such a narrow street and was told that it was impossible to raise the funds necessary to provide wide, modern streets as we know them, for example, in the province of Ontario.

I believe that any member of this committee who has an interest in raising the standards of living for people in provinces where incomes are relatively low should support substantial grants and adopt a generous outlook toward the problems of the people of Newfoundland.

The members of the C.C.F. group, the party which forms the government today and the Liberal party which formed the government in 1949 supported the terms of union. Mr. M. J. Coldwell welcomed the entry of Newfoundland into confederation at that time as Canada's tenth province, and placed on the record our general objective that action by government at both levels should result in higher standards of living in the less well to do provinces. Mr. Coldwell, as reported on page 295 of *Hansard* for February, 7, 1949 had this to say:

> May I say at once that members of the C.C.F. throughout Canada join with other people in welcoming into confederation the island of Newfoundland ... We should consider Newfoundland and Labrador as part of the whole maritime region, which incidentally is a region that cries aloud for a new deal ... We welcome Newfoundland, then, on another count; because it will tend to strengthen the position of the maritime provinces and the other "have not" provinces, and to highlight their problems.

Canadians generally believe today that Newfoundland's association with Canada in our confederation has been a very wise move and has been beneficial both to the citizens of Newfoundland and the citizens of the rest of Canada. But one would be blinding oneself if one did not recognize that in this addition to confederation and in the relations that have existed there have been substantial misunderstandings. I believe those misunderstandings have come about not entirely through the fault of either the government of Newfoundland or the federal government but because both in different instances have made some very serious mistakes. I believe the province of Newfoundland made a serious mistake in the labour laws it placed on its statute books recently which have resulted in the wiping out in certain instances of the freedom of association of workers in various trade unions for which they had previously indicated their support under the laws of that province. This action by the government of Newfoundland has not added to the cementing of the bonds of confederation.

The announcement made by the Prime Minister on March 25 last was another instance where the bonds of confederation were not tightened but rather were strained, having regard to the terms in which the announcement was couched. We think the terms of confederation are clear. There was to be a study by a royal commission to determine what federal assistance should continue in order that social services in the province of Newfoundland might be maintained at the level which had been reached without increasing taxes beyond the level of taxes in the

maritime provinces. This was surely a very minimum objective, because the level of services in the province of Newfoundland even after ten years of confederation is still substantially below the level of services in the rest of the maritime provinces. On page 8 of its report the royal commission had this to say on this point:

> The construction programs have included significant outlays by the provincial government on industrial projects for economic development, on roads, on municipal works, and on education and health facilities. However, the expenditures on these items of social capital have served largely to keep up with the pace of a rapidly growing population. There have been few really major improvements in the levels and standards of services.

In the next paragraph the royal commission went on to say:

> The lack of an adequate road system is, in the present day, one of the outstanding handicaps to economic development and social improvement.

And further:

> The notable increases in Newfoundland production and incomes in recent years have not measurably reduced the disparities with the rest of the country which had previously existed. In the generally prosperous year of 1956 the average per capita personal income after adjustment for differences in the cost of living was still somewhat less than half the Canadian average and about one third less than that of the maritime provinces.

It is very obvious from the documentation of this report that services in Newfoundland are still below the maritime average, and that economic conditions in Newfoundland are not only inferior to the rest of the maritime provinces but much inferior to the remaining part of Canada. As has already been quoted a number of times in this debate, and it is not necessary to put the exact words on record again, the royal commission concludes that in order to fulfil the terms of union the federal government should pay to the province of Newfoundland after March 31, 1961 a sum of $8 million per annum. In the light of that recommendation the government has made a decision which was announced initially in the house on March 25. On that day the Prime Minister stated, as found on page 2216 of *Hansard*:

> Notwithstanding the difficulties presented by its report, it remains a fact that the royal commission was appointed to fulfil the terms of union of Newfoundland with Canada, and these terms are part of the British North America Act. My colleagues and I are accordingly of the opinion that parliament should be invited to take action on the commission's recommendations. It is proposed, therefore, to ask parliament to authorize payments as recommended by the royal commission, but in our view the duration of the payments should be limited to five years—

The Prime Minister readily admits, as the royal commission finds in its report, that payment is necessary under the terms of union of Newfoundland and Canada, but he has not hesitated to say in the very same paragraph that by action of the federal government alone the implementing of these recommendations will cease as at March 31, 1962. The Prime Minister went on to say:

> The proposed payments will be unconditional and will be in final and irrevocable settlement of the provisions of article 29 and the contractual obligations of the union consummated in 1949.

I think the Prime Minister erred gravely in making that latter statement. In the light of the objective that I feel all Canadians approve for the bringing of social services in the economically less fortunate provinces up to the level of services in other parts of Canada, in view of the fact that the history of this nation adequately demonstrates that the trend is for the federal government to pay more and more to the provinces to assist in the provision of essential services; and realizing that the trend in our economy is to expand, is there anyone here who believes that payments by the federal government to Newfoundland or to other provinces are likely to become less in the years ahead? So the suggestion in the Prime Minister's statement that this would be the end of the payments is not likely to be borne out by the facts. The fact is, I believe, and future events will prove this to be so, that increasing payments will be made to Newfoundland and other provinces. If that is what is most likely to happen, I think the Prime Minister's choice of words was unfortunate.

I can appreciate the position of the people of the province of Newfoundland. They have entered confederation and become a part of our nation in recent years. They are not fully conscious of the background of our nation. They feel that the guarantee they have as to economic conditions in the years ahead is contained in the terms of union, and the terms of union being further carried out have brought forth a royal commission recommendation which says, in simple English, that after the initial period spelled out, grants from the federal government shall be $8 million per annum.

I can understand their feeling that the government of Canada had sabotaged their terms of confederation when the Prime Minister announced that, in final and irrevocable settlement of the provisions of article 29, payments would be made to the end of March 31, 1962. They do not understand, as I think members of all political parties in this house really understand, that this kind of obligation of the central government to all the provinces is one that is continuing and will continue. In the light of the statement by the Prime Minister and their short history as part of Canada, I can understand why they

felt this was a black day for the province of Newfoundland, and why the announcement would indicate for them that it was a day of mourning.

The government has taken into account, in some measure, the feeling of the people of the province of Newfoundland. They have announced that they are putting in the bill that will be introduced a special clause which says there will be further consideration of the position of Newfoundland by March 31, 1962. This is going some distance in taking into account the very natural feelings of the people of Newfoundland. Any federal statute that has within it a provision for the payment of a certain sum of money to a provincial government cannot, I think, be reasonably considered something that is there for all time. After all, it is the prerogative of the members of the House of Commons, of parliament, to amend Canadian statutes from time to time, and to amend those statutes which have in them provisions for certain payments, under certain conditions, and that are placed there on an indefinite basis.

I come to the conclusion, therefore, that in considering the recommendation of the royal commission that a grant of $8 million per annum should be paid thereafter, the federal government, in order to implement this recommendation, should have provided exactly what the recommendation says, namely for the payment of $8 million per annum to Newfoundland. This does not mean that $8 million, $8 million alone and nothing more, will remain in that statute forever. It merely means that is what the people of Newfoundland can look for on an indefinite basis until such time as the parliament of Canada, in its wisdom, decides to amend the provision.

I want to say, Mr. Chairman, that although we in the C.C.F. group have taken strong exception, and will continue to take strong exception, to certain actions of the government of Newfoundland which we have felt interfered with basic human rights and fundamental freedoms of Canadian citizens in Newfoundland, this in no way colours our attitude toward the economic case for Newfoundland or to the terms of confederation when they are under consideration. I feel it is a sorry day not only for Newfoundland but for all of Canada when there is so much misunderstanding over the grants that are paid to Newfoundland under the terms of confederation. I would think that a province like Newfoundland, coming into a new nation and accepting its obligations, should expect from any federal government in this country the maximum amount of consultation, the maximum amount of consideration. If there were this kind of consideration by both the federal and provincial government there would be no violent controversy as to whether or not the terms of union have been implemented.

I would suggest that, in keeping with the terms of reference, in keeping with the objectives of the Canadan nation, the federal government should act in such a way as to provide grants and assistance to Newfoundland, to the other maritime provinces and to the other provinces, that would provide financial help at such levels as would enable Canadian citizens from one coast of this nation to the other to enjoy substantially the same social services.

Mr. Carter: Mr. Chairman, I was glad to hear the hon. member for Assiniboia say that the Newfoundland labour legislation has no relevance to this debate because I, too, regard it as irrelevant and for that reason I do not intend to make any reference whatever to it.

The purpose of introducing a resolution before a money bill must be to get the feeling of the house as to what the bill should contain. The wording of this particular resolution does less than justice to the bill that will be introduced if this resolution carries, because it makes reference only to provision for the payment of additional grants to Newfoundland, and makes no reference whatever to the fact that these payments are made as a constitutional right under the terms of union.

The bill that will be introduced after this resolution passes is not just another money bill to provide financial assistance to a needy province. The sums of money and payments specified in this bill are of a very special nature because they represent, in tangible form, one of the most important conditions under which Newfoundland agreed to forgo its own national sovereignty and become the tenth province of the Dominion of Canada.

These payments represent one of the constitutional rights of the province of Newfoundland, a constitutional right which is embodied in a solemn treaty between the people of Newfoundland and the people of Canada. This morning the minister went to some pains to point out that there was no legal obligation binding the government of Canada to make these payments, but he did admit that there was a moral obligation. Well, Mr. Chairman, are we to assume that a moral obligation is less binding than a legal obligation? Let there be no misunderstanding on this point. These payments represent a treaty obligation, and the amount

and manner in which they are paid constitute an indication and a means by which the good faith of the mainland Canadians, on whose behalf they are made, can be measured.

These payments are to be made in accordance with term 29 of the act of union. When a sovereign country sacrifices its sovereignty and forfeits its chief sources of revenue, great financial adjustments must of necessity be involved. It was beyond human wisdom and capability to forecast with any degree of accuracy what financial impact confederation with Canada would have upon Newfoundland generally, and particularly upon revenues available to the provincial government. It was for that reason that term 29 was inserted in the terms of union. So union with Canada became largely an act of faith on the part of the Newfoundland people, faith in term 29 and in the integrity of the people of mainland Canada.

As the minister pointed out this morning, term 29 provides for a review of the financial position of Newfoundland within eight years from the date of union, and it makes the following provisions. In the first place, it postpones a final settlement indefinitely and it directs that a royal commission be set up within eight years to do certain things. It also directs that royal commission to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to do certain things having regard to certain conditions.

What was it that the Newfoundland government was to be enabled to do? Term 29 is very clear on this point. The Newfoundland government was to be enabled to continue public services at the levels and standards reached subsequent to the date of union, that is the levels and standards reached in 1957, eight years after the date of union. What was the limiting factor which would determine the size of payments and the conditions under which payments, if any were recommended, would be made? Again term 29 is perfectly clear. The limiting factor is that Newfoundland is to be enabled to continue these services at the 1957 level without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining in the maritime provinces generally.

Hon. members must bear in mind the fact that Newfoundland came into confederation 80 years late. Because of that fact Newfoundland did not enjoy the benefits of confederation which had been available to the mainland provinces for a period of some 80 years. Newfoundland has never at any time enjoyed as much prosperity as have the other maritime provinces of Canada, a prosperity which was due largely to their huge ship-building and shipping industry and which continued after confederation though at a much slower rate.

Consequently, at the time of confederation with Canada in 1949 the public services of Newfoundland—health services, hospitals, roads, schools, etc.—were about 50 years behind those of the maritime provinces. On becoming a part of Canada the provincial government, under the dynamic leadership of Premier Smallwood, put forth a concentrated effort to improve those services. Because she had been left to her own resources, dependent upon a precarious fishing industry as the mainstay of her economy; because she had been handicapped by severe laws passed in order to discourage colonization and to encourage exploitation by the English merchants; because she had been disappointed time and time again by apathy in the mother country; because she had been faced with fires, famine, financial crisis, catastrophes, and tragedies, Newfoundland had never been in a position to build up a high level of public services.

During the first eight years of confederation more roads were built, more classrooms were constructed, more hospital beds were provided than in all our previous history. But in spite of these prodigious efforts, at the time of the royal commission inquiry in 1957 our public services were still 25 years behind those of the maritime provinces, and the public services of the maritime provinces are themselves considerably below those of central and western Canada.

The purpose, then, of these payments under term 29 is to enable the public services of Newfoundland to be continued at a level which is at least 25 years behind that of the maritime provinces, provided this cannot be done by the Newfoundland government without resorting to taxation more burdensome than that of the other maritime provinces.

Hon. members must be quite clear as to the difference between payments made under term 29, which we are considering in this resolution, and payments made under the Atlantic provinces grants act. Reports and articles in the mainland press indicate a great deal of confusion in the public mind on this point. It has been intimated that the grants are similar, that they serve the same purpose and can be substituted the one for the other. Nothing could be further from the truth. They are quite different in nature, they serve different purposes and are paid under different conditions.

Payments made under the bill which will be introduced as a result of this resolution and which embodies term 29 are made as a matter of right. It is our safeguard, our guarantee that our levels and standards of public services will never be permitted to fall below what they were in 1957. It was on the basis of that guarantee that Newfoundland agreed to become a part of Canada, and Newfoundland can claim these payments as a constitutional right whenever and as long as she is unable to continue her public services at the 1957 level without resorting to taxation more burdensome than that which obtained in the maritime provinces at the same time.

Payments made under the Atlantic provinces grants act are not made as a matter of right but by the grace and favour of the government of the day. That is a very important difference. Equally important is the difference in purpose. The purpose of the payments under term 29 is to continue the public services of Newfoundland at their 1957 level. I should like to stress the word "continue". To continue the same level of public services for an increasing population means a yearly increase in public expenditures which cannot be satisfied by fixed grants even if dollar depreciation were not an important factor.

In contrast, the purpose of payments under the Atlantic provinces grants act is to enable the different provinces to improve their levels and standards of public services. If federal funds are to be devoted to the improvement of provincial public services, surely Newfoundland is entitled to share in that improvement. Indeed, on the basis of need Newfoundland would have a prior claim because her need is greater than that of the others. Otherwise the effect of the Atlantic provinces grants would be to widen the gap between Newfoundland and the other maritime provinces in their levels and standards of public services beyond the 25 years which is the case at the present time.

It cannot be denied that funds made available to the Newfoundland government through the Atlantic provinces grants, through tax rental agreements and other financial agreements, in so far as they contribute to the general revenue and affect the level of taxation in the province will have an important bearing on the size of payments made under term 29. It is true also that Newfoundland possesses a great potential of natural wealth which, when developed, will also improve her revenue position and tax burden.

We look forward to the day—and it may not be very far in the future—when Newfoundland will, through her own resources, be able to continue her public services at the 1957 level without a tax burden any heavier than that of other maritime provinces. When that day arrives, and as long as that condition continues, Newfoundland will have no claims for financial assistance under term 29. But that does not mean that the agreement under term 29 is terminated. That agreement is part of our constitution, and it must remain as long as our constitution lasts. It may become temporarily inoperative—we hope it will become permanently inoperative—but it must never be terminated because it is our guarantee of a minimum level and standard of public service; it is our only safeguard against a return in the future of those misfortunes which too often in the past have been our lot.

I therefore plead with the minister to insert in the bill that will be introduced later a provision to safeguard Newfoundland's constitutional right and to honour the solemn agreement with Newfoundland entered into in 1949.

Mr. Batten: Mr. Chairman, I had intended to make some rather extended remarks on this resolution, but following the statement made by the Minister of Finance this morning and having heard some of the general terms of the bill, there seems to me to be little purpose in discussing the resolution in detail when we already know in general terms what the bill is going to be.

My leader has placed our position on record, and it appears to me now that the comments I might have made at the resolution stage might more properly be made when the bill is before the house. However, there is one point which I think we ought to get clear and it is this. Term 29 is not an agreement between a province of Canada and the federal government. Term 29 is a solemn agreement between two sovereign nations and, in my opinion, has nothing at all to do with the fiscal relations existing between the province and the dominion. It was an agreement entered into before Newfoundland became a province of Canada and, may I say, it was an agreement which played a large part in Newfoundland becoming a province of Canada.

I suggest to you today, Mr. Chairman, that if term 29 had not been one of the terms of union with Newfoundland, I doubt very much whether we would be discussing this bill here today.

I know from my own people back in Newfoundland that one of the things which made the terms of union agreeable to them was the fact that after a period of eight years it would be possible to have this matter reviewed and to do something about maintaining the levels of services which had been reached at the end of the eight years. I say

again that term 29 is not an agreement between the federal government and the province; it is an agreement between two sovereign, independent nations and one which I think this government has nothing else to do but to honour. If that agreement is going to be broken or if there is going to be a change in the agreement, I think that change should be after consultation between the federal government of Canada and the now province of Newfoundland. It was an agreement entered into by two parties, and I believe it should not be changed other than by agreement between the two parties.

In the report of the McNair commission there can surely be no misunderstanding of this recommendation. There can be no misunderstanding at all as to what the recommendation means. I had hoped the time would come when my province would be able to play a more independent part in the Canadian federation that it has played in the last ten years, and I believe that it will. I believe that the time will come when we can develop our province to the point where it will be far less dependent upon the federal government than it is today. But that is going to take time, and it will need support and it will need money. However, I still believe that although we are the newest and the youngest province of Canada, the time will come when we will be able to make a substantial contribution to the Canadian federation. Our natural resources when properly developed will bring not only income to the people of Newfoundland but will bring income to the federal government. If our people are permitted to become Canadians I have no doubt there will be none more loyal except perhaps those who have always had the privilege of calling themselves Canadians.

Mr. Chairman, I listened to the speech made by the hon. member for Assiniboia. I sincerely regret that it was necessary for him to describe the province from which I come in the terms he did, but I must agree with him. We do need in Newfoundland many more improvements in our services if we are to bring the level of our services up even to the levels which are enjoyed by the people of the three maritime provinces. In the field of education we are having a difficult time, not only in improving the standard as it is now but even in maintaining it. In a province where a great many of the people are settled around the shores in isolated settlements, education becomes a mighty expensive service. Some years ago I had the opportunity of comparing the system of education in Newfoundland with that in Nova Scotia, New Brunswick, Quebec and Ontario, and even today I must admit that our services are far below the services that are given to the young people of these other provinces.

Of course, that is not true in every place in Newfoundland. In my own city the educational services are perhaps a little higher than on the coast. That may be true for other larger centres in Newfoundland as well; but generally speaking the standards of education in Newfoundland require a great deal of improvement, and it will take a lot of support to be able to do that.

Our health services are at a much lower level than those experienced by people here on the mainland. In my own home city there exists a hospital that was built with some assistance from the provincial government, and by a large donation from the public in general. When that hospital was built it was well able to serve the needs of the area, but that is no longer so. Today the hospital is not able to provide the medical attention which an ordinary Canadian expects and deserves in this day and age.

One might also go on and mention other levels of services. On an earlier occasion in the house during this session, as I have in other sessions, I referred to transportation in Newfoundland and to the tremendous load which is placed upon Newfoundlanders in being asked to build their share of the trans-Canada highway. For example, the number of miles per 10,000 of population, regardless of the difficulty in building, regardless of cost, and regardless of the ability to pay, is still twice as much as in any other province, and is roughly four times that which exists in the province of Ontario. Certainly the need is great, and I hope that when this bill is introduced it will give to us something of a different conception than that given to us by the Minister of Finance this morning. If it does not, let me assure you, Mr. Chairman, that Newfoundlanders will be a very disappointed people. They will be angered, for they will feel that once again history, as it has so many times in the past, has worked against them, and I am sure they will feel that not the Canadian people but the Canadian government has deliberately failed to honour an agreement between the people of the province of Newfoundland and the central government of Canada.

Mr. McGrath: Mr. Chairman, there have been many important items raised affecting the province of Newfoundland, both on the floor of the house and outside the house, in the recent past. They were items very controversial in their purport, and were subjects of far-reaching concern to the province of Newfoundland, indeed to this Dominion of Canada. I must confess that as a Newfoundlander I have found some of the points

of view expressed inside and outside this house, and some of the decisions taken because of those points of view, a little difficult to reconcile. At the same time, I fully recognize the constitutional responsibilities of those placed in positions of authority.

Perhaps of all the questions to be discussed in this house and outside, none is more important to Newfoundland than that outlined in the resolution which is now under discussion, namely article 29 of the terms of union. Indeed, article 29 is the whole purpose of this debate today, and underlies our discussion. Article 29 was born out of the contract of union between Newfoundland and Canada. As has been outlined earlier today, Mr. Chairman, article 29 called for the establishment of a royal commission some eight years after union. That article has been quoted by the Minister of Finance and by others in its entirety, and I will not burden the house with undue repetition. However, we must not lose sight of one important fact, namely that as has been established clearly here today article 29 called for the setting up of a royal commission, and in my opinion it has placed certain obligations upon us. But there is one inescapable fact, and it is this: royal commissions may recommend, but they may never legislate; the sole body which may legislate is this parliament.

I was naturally interested, and I may say a little concerned, on going back through the debates of the House of Commons leading up to confederation in 1949 to find that so little reference was made to article 29, particularly in committee. One of the few references I could find was the reference by the then prime minister which has been quoted by the Minister of Finance and which is to be found on page 289 of *Hansard* of 1949. Perhaps one should not lose sight of that point, the fact that article 29 was perfectly clear to everybody in 1949 and prior to 1949 when it was adopted in this house.

What of the royal commission itself? We have heard many quotations read by hon. members who have preceded me from the report of the royal commission dealing with various economic factors in the province of Newfoundland. However, we have heard little reference to the failure of that royal commission to discharge one of the most important functions under article 29, namely to establish a scale. To my mind, this is where the royal commission fails—it failed to establish a scale of financial assistance. The royal commission bases its conclusions on its findings with regard to economic conditions in the province as they are now and as they were eight years ago. I should like to quote from the report of the royal commission on page 5. It says:

> The need to improve social services and health and educational facilities laid a heavy claim upon the provincial revenues. This claim was always in conflict with the need to achieve economic betterment. Under these conditions the provincial government sought out and resorted to short cuts. A considerable attempt was made to achieve a quick increase in employment opportunities through the establishment of secondary manufacturing industries with the aid of provincial loans and credits. Financial assistance was also given for the construction of a number of plants to process local natural resources. Substantial credits were made available to achieve a rapid increase in fish-processing facilities. To a considerable extent these direct financial commitments were undertaken at the expense of greater progress in the provision of basic facilities and services. Apparently, in the face of immediate employment problems it was thought that there was no time to waste for longer-run but more lasting results. In the event, these measures have met with a mixed and sometimes transitory success.

The conclusions to be drawn from this are evident, and I will not go into them here because they would bring in topics of a controversial provincial-political nature. After all, reference was made in the report as the minister, the Leader of the Opposition and the hon. member for Assiniboia pointed out, to what is perhaps one of the greatest shortcomings in Newfoundland today, namely the lack of an adequate road system. The minister quoted from page 4 of the royal commission's report and I will not go into that aspect of the question here. However, at page 8 there is another reference to this particular shortcoming, roads and it reads as follows:

> The lack of an adequate road system is, in the present day, one of the outstanding handicaps to economic development and social improvement. From the economic standpoint this basic deficiency is a serious obstacle to a better concentration of population; it hinders the development of natural resources, raises the costs of distribution, restricts the diversification of industry and limits the growth of local enterprise. From the social standpoint the lack of roads adds substantially to the cost and difficulty of providing a necessary and desirable standard of public services. In short, Newfoundland is confronted with the urgent tasks of modernization, but is without the modern means of mobility and communication.

This factor is also referred to in the Gordon report or the report of the royal commission on Canada's economic prospects, and the quotation which I should like to read can be found at page 408 of that report:

> It was made clear to us that perhaps Newfoundland's greatest single need was a greatly expanded system of roads in order to open up the resources of the province and also to establish communication between the centres of population and at least some of the potentially more accessible outports.

If the report of the McNair commission does not do anything more than highlight some of the deficiencies in Canada's overseas province, it will achieve a great deal as far as the economic development of the

Atlantic coast is concerned. I am sure that hon. members are not fully aware of how important this road shortage is. Most hon. members of this committee have never visited the province of Newfoundland and indeed many government members have not visited there. I would suggest that steps be taken in the future to see that there is a greater familiarity with Canada's newest province, this least known area of Canada. If hon. members were to go there they would, as the hon. member for Assiniboia pointed out, see how apparent is this deficiency in a system of roads.

I wish to make a comparison. My figures may be questioned because it is extremely difficult to find accurate figures with regard to road mileage. According to the statistics I have, the province of Newfoundland with the territory of Labrador represents a land mass of 152,000 square miles and has a total road mileage of 7,101 miles as against the province of Nova Scotia with an area of only 21,068 square miles and a total road mileage of 15,257. The implications of this analysis are obvious.

Equally obvious is the fact that under the present arrangement Newfoundland lacks the financial resources which would enable it to live up to its obligations under the Trans-Canada Highway Act and to provide provincial access roads. It has been estimated that to build and finish the trans-Canada highway in Newfoundland would cost $80 million. Nowhere else in Canada, I suggest, is there a road problem such as there is in Newfoundland nowhere else in this country has the lack of roads retarded progress to the extent it has there.

Another aspect dealt with in the McNair commission report which is highly important and one concerning which not enough is heard is the extreme vulnerability—and I underline the words "extreme vulnerability", —of the Newfoundland economy. We are at the very end of the economic yard stick. If there is a minor recession in North America, in Newfoundland it comes closer to being a full scale depression and indeed serious problems arose last year as a result of the North American economic recession. The vulnerability of the economy of the newest province is due to many factors, not the least of which is an economy based primarily on export trade, a false economy, referred to at page 7 of the McNair report in these words:

> The heavy dependence in recent years upon the construction industry has introduced a further source of instability. In the best of times, it is a highly seasonal industry. Consequently seasonal unemployment and underemployment have continued to be major problems and important factors in the low level of annual incomes. Furthermore the rate of construction activity is subject to wide fluctuations in accordance with business conditions and market developments as they affect an export economy. Throughout the period 1949-56 the magnitudes of the construction programs in Newfoundland whether for military purposes or resource development, have from year to year dominated the economic scene to a greater extent than in other regions of Canada.

This present year we in Newfoundland are experiencing a boom in the building industry, but what happens the year after that when these buildings are completed? What happens the year after that when there is no more building and there is a famine in the fishery? I say that these are serious questions requiring serious and careful attention and consideration lest we see in Canada's newest province a repetition of what happened in the early thirties. That is why it is so important for us to have the wherewithal to develop our own resources, to develop the resources of the great Labrador storehouse, a natural storehouse of untold mineral wealth, and the forests and minerals of the island of Newfoundland proper.

Another aspect touched on by the McNair commission which has not been mentioned in this debate thus far and which to my mind is worthy of consideration is this. I quote from page 12 of the report:

> Because of the very limited development of municipal institutions, the provincial revenues in Newfoundland were required to cover the cost of services which in other provinces are generally paid for out of municipal taxes—

In other words the municipalities in Newfoundland are unable through their own sources of revenue to provide the basic services that municipalities in other parts of Canada are expected to provide. Again this represents a tremendous drain on the finances of the Newfoundland government.

The vulnerability of the Newfoundland economy to which I referred a moment ago was clearly spelled out in the report of the royal commission at page 40 where it is stated:

> The economy of Newfoundland is highly vulnerable and is somewhat more dependent upon export industries than is the economy of the maritime provinces. For this reason the provincial and municipal revenues in Newfoundland may be subject to greater variation. The amount of accumulated capital and wealth is noticeably smaller in Newfoundland than in the maritime provinces. Average per capita money incomes, after the exemptions we have allowed in our calculations, are lower. This difference in incomes is greater in real terms because of the higher cost of living in Newfoundland—

These are some of the problems highlighted by the McNair report and very obvious to those people who are familiar with Newfoundland. There is on the order paper notice of motion with respect to encouraging

industry in the Atlantic provinces. I should like to refer for a moment, just as a recommendation to be considered perhaps at some future date, to a statute on the books of the parliament at Westminster passed in 1945 and known as the distribution of industry act, 1945. This legislation was primarily designed to provide long term loans at low interest rates to establish industries in those areas of the United Kingdom which do not have, by comparison, the means to provide jobs. This act was amended in 1950 and again in 1958, widening its original intent and broadening its scope. I would commend similar legislation for those economically depressed regions of Canada of which Newfoundland is one. On April 13, 1959, referring to the need to encourage industry and develop resources, the Newfoundland board of trade, an organization known in Newfoundland for many years, sent an open letter to the Prime Minister. I should like to quote from that letter as it is apropos to my remarks concerning the United Kingdom distribution of industry act. It reads in part as follows:

> From the beginning of this century, until relatively recent times, the policy of the federal government was to develop the resources of Canada by extension of the frontiers and by assistance to private enterprise. This policy took the form of advancing and fostering settlement, creating a transportation system across the nation, encouraging manufacturing industries by tariff protection and other means; the construction of highways, canals, harbour developments, docks and terminals, public buildings and utilities of various kinds. Newfoundland, of course, was not part of Canada through all this process, and relatively little economic development took place; the island during that time depending on the export market for the sale of our primary produce and the cost of living in Newfoundland being kept artificially high by a substantial revenue tariff.

The letter goes on to refer to the fact that Newfoundland joined Canada in the era of social security and that while this is desirable and helpful it must not be allowed to become a substitute for productive, wealth-creating work which can only come as a result of developing our primary resources to the full.

I realize, Mr. Chairman, that I have been broad in my remarks but I feel that the onus is on me not only to draw attention to these deficiencies in our economy but as a responsible member of the house to suggest some means of overcoming these deficiencies. I think that in my remarks there is at least some suggestion of how these problems might be overcome through the necessary research and investigation.

I would quote from the remarks made by the Prime Minister on April 20 of this year on the national television network program "The Nation's Business". The Prime Minister, in referring to Newfoundland at that time, had this to say:

> In the case of Newfoundland, there has, I am sorry to say, been some misunderstanding—but differences arise even in the best of families. Let me say at once that I believe that we can and will resolve these differences in that spirit of understanding, common sense and compromise which has been so characteristic of the Canadian confederation from its very beginning. While there is a difference of opinion at the moment about the interpretation of specific terms, what is much more important is that there should be neither doubt nor misunderstanding about the equality of Newfoundland's status in the Canadian partnership.

He emphasized the full equality of Newfoundland's status in the Canadian partnership. I do not wish to refer to personalities in any controversial way because I do not approve of that but for a moment I should like to refer to the words of the premier of Newfoundland uttered in Ottawa on April 8 of this year. The premier said at that time, and I quote from a press dispatch, that Canada "would resume its role of ignoring Newfoundland as it has done for 10 years". "As it has done for 10 years", and for the first eight years of confederation hon. gentlemen opposite were in office at Ottawa.

As has been pointed out already today, we in Newfoundland have the highest birth rate and the lowest death rate in all of Canada. At the same time we only produce 10 per cent of the province's estimated food requirements. It is this fact, coupled with the high cost of transportation, that gives Canada's tenth province the highest cost of living in the dominion. When this fact is compared with the very frightening statistic that we also have the lowest per capita income in the dominion, then the conclusions to be drawn go without saying. Always in Newfoundland we have had the problem of the people of that old and ancient colony fighting against difficult odds, always struggling against the spectre of poverty. This has been our lot down through the years and it is only of recent date with the promise of development of our great natural resources that we have shown some signs of achieving that degree of stability in our economy so essential to our own well-being.

I should like to refer for a moment to the statement of the Minister of Finance. In speaking of the bill he said that it expressly states in one of the recitals that any special circumstances relating to the financial position of the province of Newfoundland after March 31, 1962 will be taken into consideration. Although I have not seen the bill, I think some of the economic background and the economic circumstances and difficulties in Newfoundland have been clearly spelled out in the bill in the light of the reference to it by the Minister of Finance. I feel satisfied that after 1962 the special needs of Newfoundland will be given that consideration

in keeping with the spirit of confederation. Who can tell whether at that time that consideration of this factor may or may not be an important factor?

The real issue underlying all the controversies, underlying term 29, underlying this resolution, underlying this debate, is not the payments that have been made in the past or the payments that are now being made but the future. What of the future? This to my mind is the crux of the matter, the future of Canada's newest province within the framework of confederation, the ability of the Newfoundland people to achieve a standard equitable with the standard taken for granted by Canadians in other parts of this great country. No one will question the fact that Newfoundland, like other provinces, will have to depend in large measure on fiscal payments from the federal government in order to develop resources and improve services. But in this way we will be adding to the development of Canada as a whole.

I believe it rather unfortunate that both inside this chamber and outside suggestions have been made that payments to Newfoundland will abruptly end in 1962. I take exception to those statements, and I further submit that this is a most unrealistic attitude, particularly from those people who have had experience in federal-provincial relations. I note also with considerable regret that during the controversies of recent months there have been many attacks of a personal nature upon the Prime Minister and members of the government by those people who purport to be responsible leaders in Newfoundland. I want to assure the Prime Minister and the members of this government—I feel I can speak on behalf of the great majority of Newfoundlanders—that these attacks of a personal nature are merely the narrow partisan views of a few and they in no way reflect the true feelings of the Newfoundland people.

The Acting Chairman (Mr. McGee): I regret to have to interrupt the hon. member, but his time has expired.

Mr. McGrath: If the committee would give me a few minutes more, I would be able to finish.

Mr. Pickersgill: Oh, certainly.

The Acting Chairman (Mr. McGee): Is it the pleasure of hon. members to allow the hon. member to continue?

Some hon. Members: Agreed.

Mr. McGrath: I was saying that these narrow partisan views are merely a reflection of the views of a few, and in no way characterize the view of the people of Newfoundland as a whole. Throughout their long history the people of Newfoundland have always, and in all places, manifested the highest respect for men in high office. Furthermore, the people of Newfoundland are not at all unaware of the record of achievement of this government, particularly as it applies to the Atlantic region and, indeed, as it applies to the province of Newfoundland.

Finally, may I say that a chain is only as strong as its weakest link and so, too, is this nation only as rich as its poorest province. In the words of my colleague from Halifax spoken in this house, we believe that government exists for the people and not the people for government. Underlying all the controversies are the people of Newfoundland and their disabilities. If they have disabilities, I am the less as a fellow Canadian.

Mr. Tucker: Mr. Chairman, the statement of the Prime Minister made last March was unfavourably received in Newfoundland and also in many parts of Canada. I am sure that the announcement of the Minister of Finance today will be received with even greater disappointment. The minister said all Canadians welcomed the union. Of course they did. He also said that we entered union in a spirit of fairness on both sides. With this statement, I am sure all Newfoundlanders will agree.

He referred also to the word "thereafter" in the report of the royal commission on Newfoundland finances, and how it could be applied. I want to assure this committee that it only has one meaning so far as Newfoundlanders are concerned and that is, as it states, thereafter or until the government of Newfoundland and the federal government meet to discuss or review the terms of union. When Newfoundland entered confederation her entry was different from the entry of the other provinces because the result was a union between two sovereign states under the British crown, even though Newfoundland's sovereignty was temporarily suspended.

When the terms of union were signed they bound the governments of the future to carry out those terms, and the parliament of that day confirmed that obligation by a formal act of parliament approving the terms of union. An amendment was made to the British North America Act which made the terms of union a part of the constitution of Canada. It was Prime Minister Mackenzie King's opinion that if Newfoundland did not join Canada she would join with the United States, and ultimately confederation itself would be endangered if its eastern gateway were to be dominated by a foreign power.

When Newfoundlanders finally faced the issue and voted by a small majority to join

Canada, Prime Minister Mackenzie King was very disappointed with the slight majority. The final negotiations for union were left to Prime Minister St. Laurent, but Prime Minister King had fulfilled Macdonald's vision of a nation taking in the north half of the continent. Thus it was under the late Prime Minister Mackenzie King that confederation was completed.

Under the terms of union a royal commission was to be appointed within eight years of the date of union, and while the terms do not say that any parliament had to accept the recommendations of that commission, few Newfoundlanders thought the government would not carry out in good faith the constitutional obligation to provide additional financial assistance, if any were required, to enable the government of Newfoundland to continue the levels of provincial services without greater provincial taxes than the average in the maritimes. It was also the belief that the constitutional obligation was not to end in 1962, or any other year. It was to last as long as the union lasted, just as the constitutional subsidies to other provinces were to continue as long as confederation continued.

I was shocked at the announcement of the Minister of Finance of the decision of the Progressive Conservative government on term 29 of the terms of union of Newfoundland with Canada. In my opinion, the recommendations of the McNair commission were the lowest possible that could, with honour, be offered to Newfoundland under term 29. I am convinced also that neither those who signed the terms of union 10 years ago nor the McNair commission ever recommended or even envisaged the stoppage of this grant after a definite period.

The Diefenbaker government, after twelve months considering the recommendations of the McNair commission and term 29, accepted the recommendations of this commission only as a yardstick to back up their decision and then by limiting the grant to only five years duration. I hope Mr. Chairman, that this does not show any political spleen toward the Newfoundland government or the Newfoundland premier who has the courage of his convictions and who has never been afraid to speak out whenever the welfare of Newfoundland or its people were at stake.

In my opinion, the government of Canada has lost face by this act of betrayal in failing to honour a sacred bond given and accepted in good faith just 10 years ago. The honour and record of Canada as a nation has been defamed and blackened in the nations of the world and unless and until this decision is voided or adjusted the word of Canada will never again be accepted with sincerity and confidence. This is a sad period in the history of Canada, when her honour and integrity have been blackened by the betrayal decision of a Progressive Conservative government which a short time ago won acclaim unequalled in political history based on promises of sincerity, integrity and fair dealings in all matters affecting Canada and Canadians. Today, by the decision of the Diefenbaker government in not honouring the sacred word given just over 10 years ago, Newfoundland has been betrayed and Canada stands before the nations of the world as a country which has betrayed her province. Canadians everywhere will deeply resent this blackening of their country's honour. I now conclude with a verse from our ode to Newfoundland:

> As loved our fathers, so we love,
> Where once they stood we stand,
> Their prayer we raise to Heaven above
> God guard thee, Newfoundland.

Mr. Granger: Mr. Chairman, in common, I believe, with virtually all of Newfoundland and, I would dare to say, most Canadians, I was deeply shocked this morning by the announcement of the Minister of Finance with regard to the final part of the confederation of Newfoundland with Canada. Term 29, which has been debated here today, was an act of faith on the part of the people of Newfoundland when they decided to join their destiny with the destiny of the great nation of Canada. The interpretation put upon term 29 this morning seems, to me at least, to be the negation of the spirit of that time. Indeed, it seems to contain the seeds of disunity and the fear of oppression.

Term 29 is distinct and clear from the other grants which have been made to Newfoundland. The grant to the Atlantic provinces was designed to help those provinces which were considered to be less prosperous than the rest of Canada. But term 29 was designed to help Newfoundland maintain the improved standards which it was hoped the province would have at this later date. Since Newfoundland entered confederation 10 years ago a great many improvements have been made in the public utilities of Newfoundland including roads, schools and hospitals. All these have been improved. I imagine that in the past 10 years more progress has been made than in previous history. However, this was done at high cost in effort and in money.

The maintenance of these improved services is what term 29 was designed to cover. Having obtained these improvements, having had more and better schools, more and better roads and more and better hospitals, how are we to maintain them if term 29 is not to be implemented in its original meaning? That meaning was clear. Ten years ago the

government of the day and the Newfoundland people tried, as far as possible, to protect the future of Newfoundland. No one could forecast that far into the future but what they could do was to make sure that means were available by which adjustments, such as time and circumstance should determine, might be made. This in essence was term 29, and it was left to the future years for those who at that future time were the guardians of Canada's destiny and honour, to implement the intent of the people who wrote and signed that agreement. But the limited interpretation put upon term 29 this morning has jeopardized the whole future of our province. After the interpretation put upon the word "thereafter", what reason is there for us to have much faith in the phrase "special needs"? Today there is small reason to blame the people of my province for feeling that they have been betrayed.

The Acting Chairman (Mr. McGee): Shall the resolution carry?

Mr. Pickersgill: Does the minister from Newfoundland not intend to speak?

Mr. Fleming (Eglinton): What about?

Some hon. Members: Carried.

The Acting Chairman (Mr. McGee): Shall the resolution carry?

Mr. Pickersgill: No, Mr. Chairman. If the minister is without voice, as he has been throughout the consideration of this matter up to now, I as the one remaining member from Newfoundland who has not yet spoken will certainly not be without voice.

Some hon. Members: Oh, oh.

Mr. Pickersgill: At the same time, I do not intend to take a great deal of time in the committee this afternoon on this matter. I myself think that there is only one point that really divides the government and the opposition. That point was put with great clarity by the leader of our party and it has been successively put by each of the members on this side of the house from Newfoundland. It is in order to indicate our unanimity of view on this matter as much as anything else that I too am going to take a little of the time of the committee.

The hon. member for St. John's East made one or two observations but he carefully avoided discussing term 29 or what it meant. He seemed to express contentment with an enunication of some hazy and pious aspiration on the part of the Minister of Finance that there would be some vague clause in the bill indicating that special circumstances would be taken into account in 1962. We would never have had any of these fiscal arrangements between the federal and provincial governments which have been characteristic of the period since the second world war if it had not been for the inexorable need, because of the nature of our federal system, of special consideration for special situations. If all the provinces had the same levels of income and the same resources there would be no need for tax-sharing arrangements at all. Everyone could stand on his own feet. What the minister is saying, as clearly as we can see it without having the bill before us, is that Newfoundland is to lose a right under the constitution and in substitution thereof is to be given the same kind of consideration, or lack of consideration, that may or may not be given before 1962.

The minister said in response to a question of mine, when I asked him what statutory authority he had for saying that these tax sharing arrangements must be reviewed before 1962, that there was no statutory obligation. And there is no statutory obligation. There is no "must" at all. It all depends on the grace of this government, this government which in November, 1957 undertook to call a federal-provincial conference in January, 1958 and did not carry out that promise but imposed a unilateral arrangement. There is no reason, on the basis of the experience we have had with this government, to expect anything except unilateral treatment of the provinces in 1962. As my hon. friend from Grand Falls-White Bay-Labrador has just said, when we get the extraordinary distortion of the ordinary, plain English meaning of the word "thereafter" which we have already got from the Minister of Finance this morning, there is certainly no reason to expect that we will get anything whatsoever beyond what this government unilaterally is willing to do in 1962 or before 1962.

Mr. Chairman, I would like to make one or two observations about one or two of the points which were made by the Minister of Finance this morning before making my own brief contribution to this debate. First of all I want to say that I was disappointed, and I know the people of Newfoundland will also be disappointed, that it was the Minister of Finance and not the Prime Minister who introduced this legislation. It is, it seems to me, another example of the indifference of the government in this matter. This, after all, was the final act of confederation. It was the kind of degrading act that I cannot imagine any of the Prime Minister's predecessors performing. Even if he had wanted the minister to make the speech, as is often done in this house, the resolution could have been put in the name of the Prime Minister. In a situation where there is already a good

deal of feeling about this very point, it seems to me that there was a lack of constitutional propriety, a lack of a sense of the fitness of things in this matter.

There is one other thing which I want to say a very brief word about. The Minister of Finance regretted, as I think all Canadians regret, that the completion of confederation did not take place long before 1949. The minister said that if it had taken place before 1949 the people of Newfoundland would have made an even bigger contribution to the development of Canada than in fact they have made in those ten years since union. But I do not think we should just leave it at that, because notwithstanding the fact that the formal union did not take place until 1949 there had been a more intimate association between Newfoundland and Canada for a longer period than was perhaps the case between any two countries, even Canada and the United States, before union. The formal union was really a formal acceptance of what had almost become a fact before that.

The minister does not need to go further than the city and university with which he is so closely associated to recall that the greatest of our Canadian poets is himself a Newfoundlander. One could go on into almost any field. I reminded the house the other day that the president of the St. Lawrence seaway authority is a gentleman who happened to have been born in the settlement of Twillingate and who had part of his education in Bonavista. It is the same wherever you go in Canada. And this is not new, it has been true since the beginning of confederation in 1867 and even before it. It is statistically impossible to demonstrate this fact, but I would be very surprised indeed if there were not more people who had some of their origins, at any rate, in Newfoundland on the mainland of Canada than there are in Newfoundland, despite the growth of population there has been in the last ten years.

I come next to the second point which the Minister of Finance made this morning, which I wanted to take issue with, and that was the question of the duration of term 29. The minister attempted to show that this term was for a period of transition and that it was not meant to last indefinitely. Of course, the terms of union themselves demonstrate conclusively that that is not correct, because the very term before term 29, term 28, is precisely the term which deals with the period of transition. It is the term which provides for the transitional grants, and term 29 was to provide for something which was to take the place of the transitional grants if that were necessary. As has been said over and over again, there is no question whatsoever that it was on term 29 that the negotiations almost failed, as the Leader of the Opposition pointed out this morning. It was the critical term, and it was the term on which Mr. Crosbie refused to sign the terms of agreement, because he felt that it was not an adequate safeguard. The hon. member for St. John's West, when he was in the parliament two before the last one, made statements in 1950 and 1951 about this which I have looked up, and he too had his doubts about the adequacy of this matter and was pressing at that time to have the royal commission appointed immediately and have this matter settled at an earlier date.

The Leader of the Opposition pointed out that there was absolutely no hint in term 29 of any time limit, no hint whatever. And there is no hint whatever of any time limit in the report of the royal commission. It is true, as the Minister of Finance has pointed out, that the royal commission was urged by counsel for the province of Newfoundland to recommend a periodic review, but the royal commission in its wisdom did not do that. I suggest that one of the reasons why they did not do that, which was set out in a letter by Professor B. S. Keirstead, of Toronto, published in the *Globe and Mail* of April 3, 1959, was that Mr. Ritchie, who at that time was counsel for the federal government, took exception to this suggestion and suggested that it was not within their purview.

But after all it is a rather fruitless thing for the Minister of Finance and myself to be discussing what was in the minds of the royal commission. What we have before us is not what was in their minds but what is on paper in their report. In the entire report there is not a word, or a hint, or a suggestion of any termination. I agree with the Leader of the Opposition and I agree with the premier of Newfoundland and I agree, to a very limited extent, with the Minister of Finance that a payment in perpetuity of $8 million is probably not the most suitable way of dealing with this problem, though I think that if the government had chosen to deal with it in that way they would have discharged the obligation under the terms of union to the letter, and I think that no valid criticism either on constitutional grounds or on grounds of good faith could have been directed against them if they had done that.

But I do think, as the premier of Newfoundland has said and as the Leader of the Opposition indicated earlier today, that an agreement between the federal and provincial governments to review this question on the basis and under the conditions provided in term 29 after a period of years would be better than the payment of $8 million in

perpetuity or for an indefinite period. I think the hon. member for Assiniboia put this point very well—that we do not legislate in perpetuity; we have a great many enactments with no time limit on them, but that does not mean that they cannot be changed by parliament within its sovereign power. I would suggest, as the Leader of the Opposition suggested before me, that any unilateral change of this character is a repudiation of the spirit of the constitution and certainly of what the Newfoundlanders believed they were getting when they had this article written into the terms of union.

The Minister of Finance read article 29, and I am not going to read it in full again, but I should like to emphasize briefly once again what it was that this article was supposed to do. It was supposed to provide whatever difference of revenue was necessary to continue the public services at the level they had reached at the time of the inquiry as long as it was necessary to do that, without obliging the government of Newfoundland to impose taxes heavier than those in the maritime provinces. The minister says that the only express legal obligation was to appoint a royal commission and, of course, that is quite true. That is perfectly true, and that was recognized, as the minister said, by Mr. St. Laurent in the quotation which, again, I will not read because the minister has put it on record in *Hansard*.

But does anyone in this committee think for one moment that any of those distinguished Newfoundlanders who signed the terms of union would have signed if they had not had confidence in the good faith of Canadian public men, regardless of political party, to carry out the obvious intent of article 29? No one in his senses would have signed that document believing that if a royal commission was appointed the government of Canada had discharged its full obligation. No one in his senses would have signed it. Are we in this parliament going to say that because that is the only express legal obligation there is therefore no constitutional obligation? It seems to me that to ask that question is to answer it.

So little confidence did the hon. member for St. John's West and his colleague of those days, the late Mr. Higgins, have in this kind of protection that they campaigned, as I well know, in the year 1953, when I was elected to parliament, against the St. Laurent government, and the burden of their campaign was that the government of Canada should obligate itself to accept the report of the royal commission regardless of what it was. That was supported by their leader, Mr. Drew, in a speech at St. John's. In other words, the position of the Conservative party under Mr. Drew in the year 1953 was that the royal commission's report should be accepted in advance regardless of what it contained.

Mr. Browne (St. John's West): Can the hon. member give a citation in support of that?

Mr. Pickersgill: I do not have them to hand but I will be glad to get them for the hon. gentleman and put them on record at the second reading stage of this bill.

I remember that situation very well, of course, because it was my first election. I was asked my own views on this subject and I repeated, though not literatim and verbatim, what Mr. St. Laurent had said. It was a big issue in Newfoundland at that time.

The Minister of Finance said there were two questions which arose concerning the recommendations of the royal commission. The first was that the commission gave no explanation of why it had departed from the year 1956-57 and taken the budget of Newfoundland for the year 1957-58 as the basis for its recommendation. The Leader of the Opposition dealt with that matter, I think. He made the point, but I should like to underline it a couple of times because the Minister of Finance did not seem to grasp it and because it does seem to be an important point. In 1956-57 the services were still being built up as they were in every previous year after 1949. The budget for 1957-58 was essentially to continue the services—because the word is "continue" not "maintain"—at the level they had reached at the end of the eight years. Of course, if a niggling, cheese-paring treasury board attitude were to be taken toward this matter of the final determination of confederation, perhaps some argument might be made about this, but it is an argument which I should be very surprised if hon. gentlemen opposite would carry very far.

The second question, the minister said, is what is meant by "thereafter". I am not going to argue that question because it seems to me to be very obvious that what is meant by "thereafter" is thereafter.

The minister has told us about the comprehensive study that has been launched into all aspects of fiscal policy. We on this side of the house have very grave reservations about that study. We have had a lot of experience of this kind of study going right back to 1936 and the Bank of Canada investigation into the three prairie provinces which was the foundation of the Rowell-Sirois commission. There was also the very

thorough study made in preparation for the dominion-provincial conference of 1945, and those studies have been going on continuously ever since. During that period a great many ideas have been contributed by many of the provinces themselves, as well as by the federal government. But the one thing to which everyone in Newfoundland objects most in the attitude of the present government toward this matter is its persistent attempt to assimilate this question of term 29 to federal-provincial relations generally. That seemed to be the position which was taken by the Prime Minister during the federal-provincial conference of November, 1957, when he said as reported at page 12 of that conference:

> Now may I turn for a moment to the subject of fiscal relations in particular. As I view the situation, the first problem we have to consider is the need for some special recognition of the situation of the Atlantic provinces. There is, of course, a royal commission considering the particular problem of Newfoundland in accordance with the undertaking in the terms of union, so I shall not endeavour to express opinions upon Newfoundland's position pending receipt of the recommendations of the commision.
>
> I believe that we all recognize, however, that the Atlantic provinces as a group are confronted with greater difficulties in public finance than the rest of the nation, if they are to maintain the sort of provincial and municipal services that Canadians generally expect. The taxable capacity of the Atlantic provinces, even in the best of times, is significantly lower than that of the other provinces.

This statement does contain—I am not going to put it in any other way than that—what certainly appeared to the premier of Newfoundland, and what certainly seems to me, to be an ambiguity. One can draw one of two conclusions from that statement, either that Newfoundland was expected to participate in this general treatment of the Atlantic provinces or, because of the royal commission, it was not. Mr. Smallwood was sufficiently concerned about that to devote a large part of his speech to it and the relevant parts are mainly on pages 99, 100 and 101. I do not want to take up the time of the committee by reading them but I would like to briefly summarize them.

What Mr. Smallwood said—and it was put very well by my friend the hon. member for Burin-Burgeo a little while ago—was that term 29 would provide Newfoundland with the necessary money to continue the existing level of services, and what these Atlantic provinces grants appeared to envisage was some improvement in their existing situation, and that surely Newfoundland was entitled to participate in that improvement, and that the fact that she was also having consideration given to the means of continuing the existing services should not exclude her from participating with the other Atlantic provinces in the improvement. At page 101 the Prime Minister appeared to agree with that view. I will read the Prime Minister's words:

> The Chairman: I will say no more at this time, but I would point out to the premier of Newfoundland that when I used the expression "the Atlantic provinces" I anticipated what his views would be in regard to the use of that expression.

I was present in the audience. I heard that statement and took from it what most other people took from it, that the Prime Minister agreed that these were two entirely separate things. But that has not been the attitude of hon. gentlemen opposite since.

Last year when we were endeavouring to get these payments that were requested unanimously by the legislature of Newfoundland in a resolution moved by the premier and seconded by the leader of the opposition, the Minister of Finance used the Atlantic provinces grants as an excuse for delaying. This attitude is bitterly and universally resented in Newfoundland. The suggestion that because they are allowed to participate with the other Atlantic provinces—and certainly, as the hon. member for St. John's East pointed out this afternoon, their need is at least as great as any other Atlantic province and we think greater—is no reason why they should be denied their constitutional rights. That is our position.

There is just one other point I want to deal with before I come to the crux of this matter. The hon. member for St. John's East referred to the attitude taken in Newfoundland. He said something about narrow partisan views. I feel I should put on the record an article which appeared in the St. John's *News* of March 26, 1959, quoting a statement made by the leader of the Conservative opposition in the Newfoundland legislature. I do not suppose the hon. gentleman would accuse him of narrow partisan views on this question. The article is entitled, "Hollett: We Fail to Understand", and reads as follows:

> Malcolm M. Hollett, leader of the opposition in the Newfoundland legislature and political leader of the Progressive Conservative party in this province, said he fails to understand the statement of the Prime Minister in relation to the provisions of term 29.
>
> Mr. Hollett said in a statement to the *Daily News* "We scarcely know what to say. The royal commission recommended $8 million from the first of April, 1957, to be paid annually to the government of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union. These are the words of the term itself."
>
> "Rightly or wrongly," the opposition leader continued, "most of us thought that $8 million was too little. Even if $8 million were sufficient I fail to see how the federal government can accept the amount recommended by the royal commission

and then limit it to five years, which is contrary to the commission's recommendation in respect to time."

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

Mr. Pickersgill: Certainly.

Mr. McGrath: Would the hon. member consider that to be a rude remark of a personal nature representing a personal attack such as I was referring to?

Mr. Pickersgill: No. Mr. Chairman, I took down the hon. member's words and he said "narrow partisan views". He seemed to apply that to all the opposition to the government's attitute in the province of Newfoundland. I thought I should remind the hon. gentleman of this statement by Mr. Hollet.

Mr. McGrath: On a point of order, Mr. Chairman, the hon. member is trying to put words in my mouth that I did not use. I referred to those people in Newfoundland who made attacks of a personal nature on the person of the Prime Minister and the members of the government and said that their opinions reflected their own narrow political views.

Mr. Pickersgill: I had not intended to mention this, but in that regard the hon. gentleman will remember that a delegation of students from Memorial University made a parade through the city of St. John's and they were led by a young man who was a prominent member of the young Progressive Conservative association. If that is what the hon. gentleman has reference to, that is all right with me.

Some hon. Members: Shame.

Mr. Pickersgill: I had not intended to enter a discussion of this aspect of the matter at all. I merely wanted to correct the impression I thought was left by the hon. gentleman that there was something narrow or partisan about this opposition. I was in Newfoundland myself in the early days of April and I know perfectly well that it was extremely difficult to find anyone who did not share Mr. Hollett's views in greater or lesser degree. I now come to the crux of this whole situation.

Mr. Diefenbaker: Would the hon. gentleman permit a question before he moves on to another subject?

Mr. Pickersgill: Certainly.

Mr. Diefenbaker: The hon. gentleman made a reference a little earlier to the fact that this resolution had been introduced by the Minister of Finance rather than the Prime Minister. Is it not a fact that through the years—and I think particularly of 1956 the records of which I have before me—whenever financing arrangements were discussed and provision made by the house the resolution and indeed the bill itself was introduced by the minister of finance?

Mr. Pickersgill: The Prime Minister has illustrated precisely my point. As the Prime Minister very well knows, those tax-sharing arrangements were financial arrangements made long subsequent to confederation, starting in 1941, dealing with the fiscal arrangements and tax-sharing between the provinces and the federal government. What I had earlier said, as the Prime Minister will find if he looks at my words, and what I repeat, is that it is this very attempt to degrade this measure into that field that is resented in Newfoundland. This measure deals with the constitution itself. This is the implementation of one of the terms of the British North America Act. This is the completion of confederation. It was for that reason and for that reason alone that I made the observation I did and I take it that my hon. friend the Leader of the Opposition made similar observations. I feel very keenly about this matter. What is more, of course, the Prime Minister will recall that it was he and not the Minister of Finance who made the statement on March 25.

I might point out to the Prime Minister that I never took any exception to the Minister of Finance bringing in the Atlantic provinces grants legisiation. I praised and supported them. I did not say the Prime Minister should have done it at all. That is one of the things that is quite within the normal departmental activities of the Minister of Finance. On the other hand I would not have blamed the Prime Minister if he had done it because I think it was about the only good thing this government has done in two years. However, he did not do it and I take no exception to that. But this is different. This measure is the completion of the constitutional framework of this country. I have no apology whatever to make for taking the position I have taken on this matter.

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

Mr. McGrath: Would the hon. member permit a question—or he can carry on.

Mr. Pickersgill: If the hon. member would like to ask a question I would be very happy if he would do so.

Mr. McGrath: Does the hon. gentleman advocate payment of a definite, statutory grant in perpetuity?

Mr. Pickersgill: No. That is precisely the point I was coming to. I do not advocate

that. I thought I had made that position clear, but I shall come to the very crux of this situation. The hon. member for Burin-Burgeo put the essence of this obligation very well, I thought more clearly than I had ever heard it put before and I have heard this matter discussed a good many times. It seems to me that the essence of this obligation is that Newfoundland should have the necessary revenue to continue the level of public services that was attained eight years after the union and to continue that without a level of taxation higher than the average in the maritime provinces. That is what the delegates thought they were getting. That is what they signed this for. They did not sign it to get a royal commission. They did not sign it to get $8 million for an indefinite period. They signed it to have that specific condition fulfilled. It might have been nothing or it might have been $20 million.

Indeed, the hon. member for St. John's East made a rather interesting point. He suggested that if the government of Newfoundland had increased its services instead of devoting some money to industrial development they could have had even better services by 1957. At least, I took that to be the import of what he said. That would have meant that a figure more than $8 million would have been recommended here.

But what I am saying is that a royal commission was the instrument by which this was to be determined, subject, of course, to the ordinary prudential considerations that have to be taken into account and subject, of course, to the final action of a sovereign parliament. There is a real problem, as the Prime Minister and the Minister of Finance both well know and as I am sure most hon. members also know, with respect to our normal conception of parliamentary sovereignty and the conception of federalism. In a unitary state there is no problem. In a federal state there always is a problem and it was illustrated very well by the Leader of the Opposition this morning.

But subject to that limitation there was no question that this royal commission was the instrumentality to determine what was needed in this matter, and I say that what was needed in this matter and what will continue to be needed is the essence of the matter. That is what good faith demands that this parliament provide.

I do think if the government had accepted the recommendation no one, as I said earlier and I want to repeat it, could criticize the government on constitutional grounds. No one could accuse them of bad faith. They might be accused of niggardliness, and I am sure some have so accused them, but there could not be a valid accusation of bad faith if they had accepted the recommendation in the report, legislated on it and had done nothing more. But what I think would be preferable, what the Leader of the Opposition indicated he thought would be preferable and what I still think would be the wise course for the government to take would be to consult with the government of Newfoundland and agree upon a period during which this award be paid and upon a method for its revision before the end of that period. If that were done I think there would have been unanimous approval for this measure. I know that as far as I am concerned I would have approved it wholeheartedly.

From what the Minister of Finance told us about the attitude taken by the premier and the minister of finance of Newfoundland at the conference in January it would seem to me that was the position they took at that time. I have no warrant to speak for the government of Newfoundland and I have never pretended I have, though I do happen to enjoy very friendly relations with that government which I hope will continue. I do think that if they were approached on this matter there would be very little difficulty in getting agreement as to the period of review and about the form of review that might be taken. When this measure was delayed so long after January, having been delayed to January from the previous July when the report was actually made available to parliament, although, of course, it was actually made available to the governor in council on May 31, we on this side felt—

Mr. Fleming (Eglinton): That is not right.

Mr. Pickersgill: Well, it is dated May 31—that the reason that the government was delaying this was precisely in order to give special consideration to a way in which a satisfactory review on the basis of the stipulation in term 29 could be incorporated into the bill. As I say again, I am sure if that had been done there would have been no difficulty whatsoever with this legislation on either side of the house. But simply to be told that we must trust this all-wise government to take some undefined special considerations and special needs into account in 1962 is very little to go on on the basis of the record of the government up to the present in dealing with the provinces.

But that is not the point. The point is that these fiscal arrangements are arrangements; that, apart from the statutory subsidies, the provinces have the right under the constitution to raise their own revenues. These fiscal arrangements are not part of the constitution. They are arrangements. They are of a different order from rights under the constitution,

and to ask the people of Newfoundland to forego their rights under the constitution for something vague like "special circumstances" is not good enough. The Prime Minister himself recognized that this was a contractual obligation—

Mr. Lennard: Three-quarters of an hour.

Mr. Pickersgill: I heard one hon. member say something about three-quarters of an hour.

Mr. Lennard: Mr. Chairman, my reason for making that remark is that the hon. gentleman said that he was not going to take up the time of the committee and was only going to speak for a few minutes. Three-quarters of an hour is quite a few minutes. Personally I do not care. You can go on as long as you like.

Mr. Pickersgill: As a matter of fact, the Prime Minister recognized that this was a contract. As the Leader of the Opposition pointed out, in the Prime Minister's statement on March 25 he referred to "the contractual obligations of the union consummated in 1949". The Prime Minister said, as found on page 2216 of *Hansard*:

> The proposed payments will be unconditional and will be in final and irrevocable settlement of the provisions of article 29 and the contractual obligations—

It seems to me that for one party to a contract, without consultation with the other, to change the terms of that contract and say that this is in final settlement of it is a most extraordinary attitude to take.

Mr. Diefenbaker: Would the hon. gentleman advise whether he agrees with the words of Mr. St. Laurent that have already been quoted, namely:

> There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission.

Mr. Pickersgill: I certainly agree with the words of Mr. St. Laurent and I have said so. I said very much earlier that the only legal obligation, as the Minister of Finance pointed out this morning before hon. gentlemen make too much of it, was to appoint a royal commission, but the Prime Minister did not quote the other words of Mr. St. Laurent which are very relevant. Mr. St. Laurent never thought that anyone would be indulging in legal quibbles or talking about legal obligations. What he said right after that was:

> It was felt by the Newfoundland delegation, and by the representatives of the Canadian government, that this was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of a royal commission. It was felt if there was an investigation and a report by a commission in which the public at that time would have confidence—

That is a commission in which the public would have confidence.

> —the legislators of that day could well be trusted to do what would prove to be right in order to make this enlarged nation a united nation continuing on its path of progress toward its great destiny.

What Mr. St. Laurent meant by that is quite plain. He meant that if the recommendations of the royal commission carried out the real intent of this clause, which was to provide the government of Newfoundland with the money to continue these services without having higher taxes than the other maritime provinces, this parliament would do that and do it according to the recommendation of the commission.

An hon. Member: He did not say that.

Mr. Pickersgill: He did not say that, no, because everything under our unwritten British constitution is posited on good faith and that is perhaps the reason why the hon. member for St. John's West, when he was in opposition, thought this was not good enough and wanted from Mr. St. Laurent a pledge in advance to accept the report of the commission. Perhaps the hon. gentleman foresaw a change of government. Perhaps he foresaw a government that would be satisfied with a legal quibble instead of good faith as a basis of government, but surely not.

I should like also to draw the Prime Minister's attention to something that was said about this matter by somebody else in this same debate. I quote here the words of the present Prime Minister in this debate as recorded at page 339 of *Hansard* for February 8, 1949:

> That, of course, is the legal and parliamentary position. But in addition to the legal position, as I see it there is also a moral responsibility resting upon this parliament to remove or alleviate any causes of discontent on the part of the very large minority who voted in the negative during the two referendums. The essence of democracy is a recognition of the need to preserve the rights of minorities.

Then, he continued:

> The acquisition of Newfoundland will take its place, in strategic importance, with the acquisition by the United States of Alaska and Louisiana. It is actually the completion of that unity which caused Mr. Galt, as he then was, to say at the time of confederation:
>
> "Half a continent is ours if we have but the courage to take up the burden."

Then, he continued:

> In taking up that burden, in welcoming those who heretofore have belonged to a sister dominion, above everything else we want to be sure that these new citizens who join us will do so in a

spirit of amity and unity, thereby making their contribution to the strength, power and destiny of this confederation.

Now we are told that by a legal quibble, they can escape this obligation.

On March 25, after the Prime Minister made his statement, I asked him this question:

Does the Prime Minister realize that every person in Newfoundland will regard this as another breach of a solemn contract?

That, of course, is precisely what has been the attitude of everyone in Newfoundland. It has been the attitude because it is so obviously a breach of a solemn contract.

Mr. Diefenbaker: That is not what Mr. St. Laurent said.

The Chairman: Shall the resolution carry?

Mr. Pallett: May I ask for a standing vote, please?

Motion (Mr. Fleming, Eglinton) agreed to: Yeas, 71; nays, 16.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-72, to provide for the payment of additional grants to the province of Newfoundland.

Motion agreed to and bill read the first time.

AGRICULTURE

REPEAL OF CANADIAN FARM LOAN ACT—PROVISION OF LONG TERM MORTGAGE CREDIT TO FARMERS

The house resumed, from Tuesday, July 7, consideration in committee of Bill No. C-67, to provide for the extension of long term mortgage credit to farmers—Mr. Harkness—Mr. Sevigny in the chair.

On clause 1—*Short title.*

Mr. Harkness: I think perhaps considerable time of the committee might be saved if I made a short statement at this time. I propose to ask one of my colleagues to move an amendment to clause 16 when we come to that clause. As members of the committee will perhaps recall, this clause deals with the rate of interest. The amendment I propose is:

That paragraph (c) of clause 16 be deleted and the following substituted therefor:
(c) The interest rate on loans shall be 5 per cent per annum.

I observe, Mr. Chairman, that this announcement has apparently been received with universal acclaim throughout the committee. I should like to explain, shortly, the reasons why the government has considered it desirable to make this change. We had proposed, and we still intend, that the farm credit provision shall be a self-sustaining one, that it will not be a scheme providing for a subsidized rate of interest. However, a large number of members of parliament from the Conservative party as well as some organizations made representations to the effect that the type of scheme which was provided for in the bill as it was introduced, and which was that the rate of interest charged should be the cost of money to the government, would cause the rate of interest to vary from year to year and would be unfair to those farmers who borrowed in years when the rate of interest happened to be relatively high as compared to those farmers who borrowed in years when the rate of interest happened to be low.

It was felt, therefore, it was more desirable to have what you might call an equalized interest rate; in other words, an interest rate which would be the same from year to year and which would be set over a period of years so that the amount of interest paid would be sufficient to pay the costs on the money which the government would put up for these loans. As a result we propose to make this amendment and to put into effect the 5 per cent interest rate which it is calculated will be sufficient to pay the cost of money to the government plus the ordinary carrying or administrative costs of the scheme.

(Translation):

Mr. Boulanger: Mr. Chairman, we were pleased to hear the Minister of Agriculture (Mr. Harkness) state that he would leave the rate of interest at 5 per cent. I must congratulate him and thank him for that, on behalf of the farmers. We realize he has understood the value of the claims we submitted at the resolution stage.

In fact, we had asked that the rate of interest be not higher than 5 per cent, and we had even recommended that it be made equal to the rate paid by the government on its loans. Besides, it is the same recommendation which was made by the Canadian Federation of Agriculture, as well as by all other farm organizations in general.

Having made other suggestions, we hope that on each item, the minister, having welcomed our suggestions, will introduce suitable amendments.

We suggested in the course of the debate that the bill be considered by the standing committee on agriculture and colonization, since this large scale bill involves far-reaching consequences; in fact, it should have

been referred to that standing committee so that it might have come back well prepared, well considered, polished and ready for efficient implementation.

The future of family farming is at stake. If we want to save the family farm, which is still the soundest unit of our national economy, it must be given the minimum of stimulus which its vitality and survival require.

In the province of Quebec, the number of farms is decreasing at the rate of 2,000 a year. Soon, with the farm laws being fostered by the Conservative government, it will not only be the number of abandoned lands that we will deplore, but actually the number of parishes. Our parish organizations, our school boards are deep in debt, and their burdens are becoming heavier and heavier, as a result of higher rates of interest.

What we need, Mr. Chairman, and what we have recommended many times, is the study of the very basis of the agricultural problem, which could be done if a federal-provincial commission were set up to consider particular farm conditions in each province.

Such a commission would have a huge and most useful task to accomplish, in the study of land use and conservation, readaptation of cultures and productions to their respective environments, and in the field of research, price products stabilization, marketing, etc.

We shall achieve those results when the Minister of Agriculture will have understood the problems of eastern farmers as well as those of western farmers.

According to the Gordon commission, it costs the Canadian taxpayers $1 billion a year to protect our industry in general. The agricultural class does not ask that much.

I do hope the Minister of Agriculture will fully understand the problems of our farmers, especially those of eastern Canada, so that, thanks to that new farm credit act, they may maintain themselves and prosper.

(Text):

Mr. Herridge: Mr. Chairman, I must frankly admit that the minister's announcement was very pleasing to members of this group. I had intended to deal mainly with the interest rate and the inequalities of the interest rate. However, the minister has now scuttled my argument. Consequently I shall not have as much to say as had been my intention. Before proceeding I must say that we are pleased that the minister listened to the arguments of the members of the opposition when the resolution was before the house. In my opinion he has taken a sensible course.

As one who appreciatss the value of the economic family farm in Canadian society, I am pleased indeed to see this measure come before the house. It is on that account that we support the measure in principle. It provides for supervised farm credit in reasonable amounts over a reasonable period of years and will make possible the maintenance, the improvement and the development of economic farm units in Canada. If the interest rate is maintained at not more than 5 per cent this measure could mean a new era in the use of agricultural credit in Canada.

We are in a somewhat better position with this bill than we were with the bill providing for crop insurance. There is definite and genuine experience upon which to base this legislation. That experience comes from the activities of the Veterans Land Act administration. I presume that this measure is based on that experience. I want to say once again—and I have no hesitation in saying this wherever I have the opportunity to speak on this subject—that this is to a great extent due to the dynamic and imaginative direction of the Veterans Land Act administration under Brigadier Rutherford supported by an extremely competent staff.

In that connection I want to bring to the attention of the committee some documents. I want to illustrate the imagination that has been used by the director of the Veterans Land Act administration and his officials in the preparation of materials that assists people to understand the results of the settlement of veterans under that act since the second world war. This shows a human interest in the problems of those we settle on the land and in their needs and requirements. It also shows an interest in making suggestions to improve the legislation.

I am not going to deal at length with them here, but I have here the Veterans Land Act administration quarterly comparative summary dealing with director's quarterly letter to all staff; self-analysis questionnaire for credit advisers; collection standing by districts and regions; number of special arrears by districts and regions; summary of work by districts; summary of work by regions and summary of work by fields. Then there is another pamphlet dealing with the organization, distribution and duties of staff, classifications and so on. Then there is another pamphlet pertaining to full-time farming settlement, part-time farming settlement,

commercial fishing settlement, housing, civilian purchase contracts and various other matters. Then there is a very excellent book which deals with the summary of a survey of 5,000 V.L.A. farmers made between July, 1957 and September, 1958 for the purpose of assessing the progress and future credit requirements of farmers settled under the Veterans Land Act.

This demonstrates in an imaginative direction something we have not had before with respect to agricultural credit in this country. This is the sort of thing which lays a sound foundation for governments to pass legislation on, and I have no hesitation in paying a tribute to the excellent work being done by the Veterans Land Act administration. I would also say it is not only recognized by the members of this house and the veterans who have benefited from this legislation, but it is recognized by the Canadian Legion and other veterans' organizations. The Canadian Legion in its representations to the Senate committee on veterans affairs just recently urged the government to consider extending the same type of credit facilities which are provided to veterans under the Veterans Land Act to young Canadians who wish to commence farming in this country. It is an illustration of what has been done and can be done under this legislation for young Canadians who wish to commence farming.

On page 3 of this summary there is a table dealing with net worth, and it says:

> The average net worth of the settlers, including the conditional grant of $2,320 as if earned at time of settlement, $5,376. The average net worth at time of survey, an average of 8.9 years after settlement, $13,487.

That is a clear, concrete illustration of the success which has been obtained under this legislation.

I want to make reference too to a paragraph on page 6, and I am putting this on the record because I think it is important that as many people as possible in Canada know what is being done under the Veterans Land Act administration, and know what can be done under this legislation now before the house, if it is used constructively and with the assistance of the Veterans Land Act officials. It says:

> In this survey, we see 5,000 comparatively young farmers in all parts of Canada sitting down with their resident credit advisers and planning their future farm organization and production progams on the basis of at least some probability that ample supervised credit will be made available to them in order to carry out their plans. These men can see the possibility of increasing their net property and labour income by an average of about 60 per cent—which this survey has indicated to be possible and practicable—and of earning 30 per cent annually on the extra capital necessarily borrowed, or 24 per cent capital income after allowing $10 per day for the 40 days additional labour required. They are at the same time, and without even deliberately planning to do so, adjusting their future production in a way that, if made more general, would eventually largely eliminate surpluses of have-to-sell products such as wheat, and better ensure the required supply of high-protein refrigerator foods such as beef—for which there is an ever-increasing demand and which, on a calorie basis, take up to five times more land to produce an equivalent human ration. One can only speculate what would happen during the next ten years if even 50 per cent of the more progressive Canadian farmers with inadequate units did the same thing—which they undoubtedly would if given the opportunity.

[Mr. Herridge.]

I have no hesitation in saying that we are very glad they are going to be given the opportunity of this legislation.

> The ultimate result would be fewer farms, but many more farms that could be classified as sound, economic, family sized units. Units in this class are able to make full and advantageous use of available labour and of the minimum equipment necessary to the production of a standard, readily marketable product on a production-line basis and at the lowest possible cost. There would seem to be little doubt that such units, given similar soil, climate and market conditions, could compete successfully over a long period with almost any corporate or integrated farm set-up.

That is very necessary for the success of the economic family farm.

> If, through the use of adequate credit, Canadian agriculture could voluntarily reorganize itself over a period of years into economically sized family units, a considerably lower production cost and a higher quality product would ensure a fair profit at a lower selling price which would give Canadian farmers a safer corner on the home market now being threatened by the United States and New Zealand and put them in a much better position to compete in markets abroad.
>
> To achieve this result through the medium of a controlled credit program would necessitate very careful credit administration in line with a consistent and long term policy, and much would depend on how well such a policy was accepted by farmers and farm organizations.
>
> If V.L.A. farmers are at all typical of Canadian farmers generally, and we think they are, it would appear from the response to this survey that the great majority would welcome a credit program designed to encourage the voluntary reorganization of Canadian farms into economic family sized production units which would be more in line with present day capital and income requirements, and that they would be only too ready to co-operate fully in any long term program designed to assist with such voluntary reorganization. There would seem to be much to be gained and nothing to lose from such a program. Sound economic family sized units probably represent the most secure long term investment available which carries with it capital increment possibilities. The opposite could be said, however, of sub-marginal and inadequate farm units, since production costs on such units very often leave little or nothing in the way of profit with which to repay a capital debt.

I put that on the record because I think it is a very sound, but brief, analysis of the situation.

As I say, we were very pleased to hear the minister's announcement. Why should we

be doing this in view of the value of the economic family farm to Canadian society? It maintains many of the values in rural life which are very necessary if we are going to keep a healthy, democratic society in this country. We subsidize gold mines, we subsidize railways, we subsidize shipping companies, and we subsidize other industries. If we can subsidize this too I am sure that whatever slight subsidization results from maintaining the interest at 5 per cent will not only be supported by all members of this house but by farm organizations across Canada and the people of Canada generally. I have a number of constituents in my riding who welcome this legislation and who are in the very circumstances that this legislation is advanced to meet.

In conclusion, I have had my whole argument scuppered, and I wish the minister had let me know beforehand. I expected to spend about an hour on the deficiences of the bill, and it would have saved me some time. But we are pleased to hear this announcement and we accept it with pleasure. I might say we have a few suggestions to make and it is likely we will have an amendment; but our major criticism of the bill is met by the minister's announcement prior to the commencement of this debate.

Mr. Granger: Mr. Chairman, there was nothing for fishermen comparable with the Canadian farm loan board an dthe new legislation makes no provision for long term loans to fishermen. I regret that once again the government has ignored the fishermen.

(Translation):

Mr. Roberge: Mr. Chairman, I failed to take advantage of the resolution stage and second reading to make the few remarks I had in mind because, even if they concern specific matters, they also deal with several clauses of the bill which is before the house and the committee.

First of all, I would like to point out to the house that my remarks apply specifically to subparagraph (i) of section 2, as well as to sections 23 and 26.

Mr. Chairman, I see that the Minister of Agriculture (Mr. Harkness) has picked up his receiver—

(Text):

Mr. Harkness: I wonder if I might request the hon. member to save his remarks on this particular clause until we come to that clause, because I think that would make for a more orderly discussion than an attempt to deal with all the clauses at once?

Mr. Roberge: As my remarks relate to more than one clause of the bill I think it would be more appropriate for me to make them at this time than to wait until a specific clause is under review, because If I do that it may be too late for the minister to agree whether or not some of the things I have said are just.

(Translation):

I have noticed that section 23—as the minister realized, judging by his remarks—deals mainly with "supervised farm loans".

If we look up subparagraph (i) of section 2 of this bill we see, in the French version, that the word "hypothèque" includes "mortgages" and *ventes à réméré.* I am not too sure whether the word "mortgage" is French, but I assume that the translators made sure of the accuracy of that word. In the English version under subsection (1) of section 2, the word "mortgage" is defined as follows:

> "mortgage" includes hypothecs and ventes à réméré.

You will note, Mr. Chairman, that the phrase "ventes à réméré" is expressed in French words.

There are such things as *"ventes à réméré"* in the province of Quebec. I do not know if there are "ventes à réméré" in the other provinces which have adopted the English code of laws; in any case, I know that such sales occur in the province of Quebec. In my opinion, this bill, especially as regards part 3, might create complications. At least I am afraid so. I believe this bill will create complications for the farmers of the province of Quebec.

In fact, section 23 of the bill provides:

> —loans to farmers upon the security of first mortgages on farm lands and chattels and such additional security as the Corporation may require.

Under the civil code of the province of Quebec, farmers may pledge their live-stock as security for a period of 18 months only, and for that matter, I refer the minister to section 1979 (*a*) of the civil code of the province of Quebec, which reads as follows:

> Any farmer may pledge, as security for a loan which he contracts, for a term not exceeding eighteen months, all his livestock and farm produce, present and future while at the same time retaining them in his possession. The borrower shall have, towards the creditor, the obligations of a depository, without having any recourse against him for the cost of custody and conservation.

As we can see, that farm security which has been introduced in our civil code a few years ago provides for loans upon the security of livestock only and farm produce, but not on the security of farm implements or other things included in the definition of "chattels" that we find at subparagraph (c) of section 2. This will no doubt create some legal difficulties in contracts drawn up in the province of Quebec.

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As I was saying, Mr. Chairman, the "ventes à réméré" system exists in the province of Quebec, and again I refer the minister to section 1546 and the following sections of the Quebec civil code. In a "vente à réméré", the borrower, as a means of providing adequate security, sells his chattels to the lender. It doesn't matter what they are; they may be actual chattels or real property. Whichever they are, the maximum term allowed for a loan under the "ventes à réméré" system is ten years. During that ten-year period, the vendor "à réméré", who is in fact the borrower, may buy back the property he has given as security. That explains why the phrase "droit de réméré" is known in English as "option of repurchase", or "right of redemption". The vendor has a right to buy back what he has sold, but this right must be exercised within ten years.

In the case of real estate, if the borrower or vendor "à réméré" has repaid 75 per cent of the loan, he can require his lender, that is, the purchaser à réméré, to grant him a mortgage.

If chattels are involved, whether they be livestock or farm equipment, the right to repurchase is retained for a maximum of 10 years. In such a case, the borrower cannot ask for a mortgage, because in the province of Quebec, as the minister no doubt knows—or perhaps his Quebec colleagues in the cabinet have told him—there can be no mortgages on livestock or chattels.

The minister will therefore realize the problems that may be raised in Quebec by this bill, particularly in the drawing up of contracts.

Turning to section 26 of the bill, here is what I find at subparagraph (c):

> The portion of the loan based on the appraised value of the land shall be repayable within a period not exceeding thirty years and the remainder of the loan shall be repayable within a period not exceeding ten years;

I do not know whether this is what the minister had in mind when this subparagraph (c) was put in by the drafters of the bill. I do not know whether they had in mind those aspects of the vente à réméré which would enable borrowers, in the province of Quebec, to use chattels, livestock and farm implements as security for a ten-year period only, and to mortgage their real property, such as buildings, for a 30-year period. What I do know is that, under section 26 subparagraph (c), the amount to be repaid by the borrower in the first ten years will be much too high in my view.

[Mr. Roberge.]

Those are problems that occurred to me, Mr. Chairman, on examining this bill, particularly Part III.

There is a mortgage provision which applies to real property, including land and buildings, and that raises no problem; there is also provision for redemption sales for a ten-year period and also for an agricultural security for a period of 18 months. People who draw up contracts, that is, notaries, in the province of Quebec, will find things difficult, not knowing to what period those provisions apply, and what kind of security is to be given to the government.

I should be grateful if the minister would reply to my remarks, which I have made in good faith and which are merely intended to help improve this legislation.

(Text):

Mr. Argue: I am very happy at the announcement of the Minister of Agriculture. There has been some comment about the place to the effect that as the session draws to a close debate on resolutions is unnecessary and that by eliminating this stage we could shorten the session without interfering with the rights of hon. members to speak. The example we have had this afternoon demonstrates the great value to the Canadian public of having a resolution preceding a money bill and a resolution stage at which debate can take place. When the measure was before the committee of the whole my major criticism was that there was no ceiling as to the interest rate that could be charged. When I asked the minister whether he could assure me that at least in the initial operation of the new act the interest rate would not be above 5 per cent his answer was no, but since giving that reply the government, in the light of the debate that took place at the resolution stage, has reconsidered its position and has now announced that there will be a statutory rate of 5 per cent.

Mr. Rapp: Others, too, were interested in the problem.

Mr. Argue: I am sorry I did not hear that interjection because I should be happy to have an opportunity to reply.

Mr. Rapp: Other hon. members were also interested in the problem.

Mr. Argue: *Hansard* will show how many hon. members advocated this. I am not certain about it.

Mr. Parizeau: We work behind the scenes.

Mr. Argue: Is that right? Hon. members, I take it, sit up with the minister late at night after the house has risen and give him the benefit of their advice. We are pleased to hear that and hope that in the future on these important questions hon. members will tell us in this chamber what they are working on and report on the progress they are making.

The corporation set up under this measure will replace the Canadian farm loan board. Over the years I have bitterly complained about the narrow concept of the board in processing applications. I have been pleased to observe that in recent years some improvement was made in its administration and a larger number of loans have been made under the act. I have, however, a substantial file of letters from people whose applications for loans have been turned down by the board. I think that in substantial measure the criticism made by the Canadian Federation of Agriculture before the banking and commerce committee in 1956 is still valid, that this board has taken a conservative attitude in the processing of applications.

I would like the minister to tell me when he replies if in actual practice the board has denied large areas of western Canada loans under this act? I also want to know if the new corporation will have a more efficient system of filing than the board apparently had. I have received letters from people in my constituency complaining that their applications for loans were turned down although they felt their financial position would encourage the board to grant them a loan. I have suspected that large areas of western Canada have been declared areas where the board will not grant loans. I asked the board how many applications for loans were received in each year since 1950 from persons whose post office addresses were Killdeer, Wood Mountain, Rockglen, Scout Lake, Lisieux, Canopus and Strathallen. The answer I received was as follows:

The Canadian farm loan board does not maintain records respecting applications and loans by municipalities as it does not require to do so for administrative purposes and the information requested is therefore not available.

This seems a rather devious way to answer the question. I then framed the question in these terms:

How many (a) loans; (b) applications for loans, have been made by and to the Canadian farm loan board in each year since 1950, in each of townships 1-4 inclusive in ranges 27-30 inclusive, west of the 2nd meridian, and in each of townships 1-4 inclusive in ranges 1-3 inclusive, west of the 3rd meridian, in the province of Saskatchewan?

The reply to that question was as follows:

The Canadian farm loan board does not maintain records respecting applications and loans by federal constituencies or parts thereof as it does not require to do so for administrative purposes and the information requested is therefore not available.

The question I now put to the minister is this. On what basis will the records of the new corporation be kept? How can an hon. member frame a question so as to determine the policy of the board in the past or the policy of the new corporation in the future in respect of denying loans to large areas of western Canada? I have asked for that information on the basis of the legal description of the land and on the basis of the post office description but to no avail. I am sure the minister will give me some assistance in phrasing a question so that an hon. member may determine what policy is being followed.

Mr. Green: Before we rise, Mr. Chairman, may I say the suggestion was made that it might facilitate the business of the house if at eight o'clock this evening we commenced with the second reading of the bill to amend the Public Lands Grants Act, and then took the two bills having to do with agreements between the government of Canada and the governments of New Brunswick and Nova Scotia in respect of Indian reserves, followed by the approval of the convention on the nationality of married women. As soon as those were through we would go back to the farm credit bill.

One reason for that is that I have to take the amendments to the Public Lands Grants Act and I must leave for Vancouver tomorrow morning. I understand there is no opposition to these four bills and it would at least clear the order paper of this business.

Mr. Chevrier: That is perfectly satisfactory as far as we are concerned, Mr. Chairman.

Mr. Argue: The house leader was good enough to come over to my desk and tell me about some of the suggestions that had been made to expedite the business of the house. I understood that he would like the bill in his name brought forward because he was leaving Ottawa, but I did not understand that these additional requests would be made. I do not know whether or not the Minister of Citizenship and Immigration is leaving town. I would suggest that the house accede to the request of the house leader to suit his own convenience because he has to make this very necessary trip, but other than that, unless there are equally good reasons, the announced order of business of the house should be maintained.

Mr. Green: Whatever the house wishes. I understood that these other three measures were also agreed to and would only take a very few minutes but if there is to be a debate of any length on them we will have to call them in the order which was announced.

Mr. Argue: As I said, I am perfectly happy to agree to the request to take the bill in the name of the Secretary of State for External Affairs so that he can make this important trip. Other than that, unless there are equally good reasons, and apparently there are not, I think we should stick to the order of business that was outlined last Friday.

The Chairman: Shall clause 1 carry?

Mr. Argue: If the minister would reply to my question I would be quite happy to let clause 1 go at this point.

Mr. Harkness: Mr. Chairman, as I wrote down the hon. member's question he asked whether the farm loan board has in practice removed large areas of western Canada from the lending facilities. I am informed that there are no such areas and never have been in western Canada where the farm loan board has refused to make loans. In any event, I can assure the hon. member and the committee that under this legislation each application will be dealt with strictly on its own merits and without any regard to what area is involved or anything else. There are, of course, as I think the hon. member realizes, areas not only in western Canada but in all parts of Canada where the security that can be attached to the land is so small that the amount of loan that can be made is also very small. In many cases it is not a proposition on which a loan should be made at all. Frequently you have an area where the soil is infertile and the amount of cultivated land on the farm is very small with the result that it is impossible to create an economic unit there. That is why you will note in two or three places in the bill that some emphasis is put on money being lent to create an economic unit. The only reason that any farm in any area would not be able to get a loan under this legislation is that it would be impossible to create an economic farm unit there.

Mr. Argue: In the area I am talking about it is correct that on the basis of wheat productivity it is not the best land in Saskatchewan. However, it is an area in which a substantial quantity of grain is produced and it is a very important and prosperous livestock area. Therefore, while it may be difficult to create an economic unit if it is related to the production of wheat, if you relate the economic unit to the production of beef and the production of grain it is an area in which economic units of substantial acreage would enable farm families to make good incomes comparable with those of people in other areas. I am not endeavouring to put the minister on the spot. I would be satisfied if he would check with the officials of the new corporation to see whether or not the kind of information I have requested can be obtained from the files of the Canadian farm loan board. Surely when one defines a large area it is possible for the board by some means to find out whether or not, within the operations of the board, money has been lent to farmers in that area. I think this is a very simple question. I have a strong feeling that if the board had wished to answer the question the information would have been produced.

Mr. Harkness: I will be glad to try to get that information for the hon. member. In connection with his other remarks I can only say that the idea of an economic farm unit is by no means limited to grain production. In fact, to a large extent the situation is just the reverse. One of the reasons why this supervised credit scheme is being introduced is so that expert advice will be available to a farmer to direct him into the type of activity or combination of farming activities which will give him a profitable enterprise.

Clause agreed to.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

PUBLIC LANDS GRANTS ACT

AMENDMENT RESPECTING TRANSFERS TO CROWN IN ANY OTHER RIGHT

Hon. Howard C. Green (Minister of Public Works) moved the second reading of Bill No. S-2, to amend the Public Lands Grants Act.

He said: Mr. Speaker, His Excellency the Governor General having been made acquainted with the purpose of this bill has given consent, so far as Her Majesty's property rights are affected, that the house may do therein as they think fit.

The object of this bill is to make a purely technical amendment to the Public Lands Grants Act. The amendment has to do with the transfer of the right of management of public lands from the federal government to

a provincial government or some other government of Her Majesty. The transfer of the right of management or administration is technically different from the sale of the land. When lands are sold there is a change in title. However, all public lands are vested in the crown, which is one and indivisible. The transfer of lands between one government of the crown and another does not involve a change in title. Transfers between governments of Her Majesty merely pass from one government to another the right to control the disposition of lands.

I might point out that the transfer of a publicly owned lot of land from the government of Canada to, for example, the government of the United Kingdom, does not in any way affect sovereignty. The transferred to remain within the jurisdiction of Canada as much as if a private individual had sold it to the government of the United Kingdom.

I should perhaps further point out that this bill has nothing to do with the transfer of lands to any government outside of the Commonwealth. It deals only with transfers from the government of Canada to provincial governments or other governments of Her Majesty.

Now, because an ordinary sale to a private individual is technically different from the transfer of administration to another government of the crown, the method of transfer is different. In an ordinary sale letters patent are issued transferring the title to the purchaser, letters patent being the form of deed used in conveyances by the crown. But because there is no transfer of title when administration is passed to another government of the crown the courts have long held that letters patent or a deed should not be used. The proper method according to the courts is for the transferring government merely to pass an order in council transferring the right of administration and control. This is the method which has been used by the government of Canada for many years.

The present section 4 (a) of the Public Lands Grants Act authorizes the sale of lands, but does not authorize the government of Canada to transfer the administration of public lands to another government of the crown. Nevertheless, such transfers were made as it was not thought that statutory authority was necessary. However, in a recent case in the Supreme Court of Canada, referred to in the explanatory notes in the bill, some of the judges said that transfers to the provinces by order in council are not valid unless the governor in council has the express authority of parliament to make such a transfer. It is to remove any doubt as to the validity of such transfers that it is proposed by this bill to give the governor in council the authority to transfer lands to the crown in the right of a province or in some other right.

Hon. Paul Martin (Essex East): There need not be much time spent, I take it, on this bill. The minister, I assume, has had the advice of the law officers of the crown, based on the case of the Attorney General of Canada versus Higbie, although up until this case was decided I take it from what the minister has said in explanation of the bill there has always been a judicial view that the proper way to transfer land from the crown in the right of Canada to the crown in respect of one of Her Majesty's dominions was by order in council and not by a grant provided for in a deed.

The case to which the explanatory note directs our attention has indicated a different view, and I assume it is because of this that the government has found it necessary to meet the technical objections involved in the transfer of land from Her Majesty in the right of Canada to Her Majesty in the right of some other jurisdiction, I take it that would include the provinces as well as any other jurisdiction under the crown outside of Canada and within the British commonwealth. The minister said in his explanation, however, that a transfer to Her Majesty was not to be regarded as an infringement of Canadian sovereignty. I assume that this bill does not change that situation. A grant under the old method, that is through order in council, certainly did not involve any challenge to Canadian sovereignty. The minister's observation was simply by way of a gratuitous, although valuable, explanation, and was not in any way directed to this particular bill. The minister nods, so I take it my observations are correct.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I think the information that has been given by the Minister of Public Works is valuable and that this is merely a case, according to the advice of the Department of Justice and according to the ruling of the supreme court, of giving to the governor in council a right to transfer to the crown at some other level this land, and to do so by means of an order in council. We are pleased, Mr. Speaker, to support the passage of this bill at this time because we think it is a measure which has been deemed, by the courts, to be necessary, and also to facilitate the departure of the minister on his very important assignment.

Mr. Martin (Essex East): Can the minister just answer this question? I do not know the

case of the Attorney General of Canada versus Higbie and consequently I am not in a position to say whether or not it would apply to a temporary arrangement provided by the government of Canada with regard to the use for a particular purpose of a sovereign power outside of the commonwealth itself. I know this bill does not direct itself to that, but my hon. friend will remember that in the case of the birth of a child to the present Queen of the Netherlands there was some declaration that the hospital room was to be regarded, for the purpose of the birth, as foreign territory. Does the minister know under what authority that particular declaration was made?

Mr. Speaker: May I inform the house that if the minister speaks now he will close the debate.

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

Mr. Green: Perhaps I could answer the questions in committee.

Mr. Martin (Essex East): Yes. Let us do that.

Mr. McMillan: I should just like to ask this question. How would the transfer of lands from a province to the federal government be effected?

Mr. Martin (Essex East): In the same way. The question can be asked in committee.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

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

On clause 1—*Transfer to the crown in any right other than Canada.*

Mr. Green: In answer to the point raised by the hon. member for Essex East, Mr. Chairman, may I say that my understanding is that this bill merely makes it certain that the practice which has been followed in years gone by is legal. Evidently the case of the Attorney General of Canada versus Higbie referred to in the explanatory note casts some doubt on the validity of the course which had been followed prior to that time. I do not think that the declaration made in respect of the birth of a child to the present queen of the Netherlands would come under the Public Lands Grants Act, although it may do so. However, it would certainly not be under this particular section which is merely for the dealing with lands between two governments of the commonwealth, including dealings between the federal government and the provincial governments.

Then the point raised by the hon. member for Welland was as to how these transfers were carried out by a provincial government to the federal government. I believe that matter will be subject to provincial legislation. I am not in a position to say just what form the provinces used to use to authorize such a transfer. Probably it differs in the various provinces.

Mr. Martin (Essex East): The case of the Attorney General of Canada versus Higbie would apply to the provinces as well.

Mr. Green: I think the case which the hon. member for Essex East has mentioned was referring to the Public Lands Grants Act of Canada. It may be that the legislation of the various provinces provides for such a transfer in some other way. I really am not in a position to answer that question.

Mr. Bourget: I do not think there is much to be said with regard to what the minister has just stated. I understand the purpose of this bill is simply to empower the governor in council to transfer by order in council rather than by deed the administration and control of public lands from Her Majesty in right of Canada to the crown in right of any province or otherwise. From what the minister has just said I understand it has been the practice in the past but there was some doubt—and I think that doubt was raised in the supreme court—whether the governor in council could do so without specific authority. I understand that the purpose of this amendment is just to resolve that doubt.

Mr. Green: That is the whole story.

Mr. Bourget: The minister says that is the whole story. If that is the purpose of the bill, we have no objection to its passing.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

AGRICULTURE

REPEAL OF THE CANADIAN FARM LOAN ACT—PROVISION OF LONG TERM MORTGAGE CREDIT TO FARMERS

The house resumed consideration in committee of Bill No. C-67, to provide for the extension of long term mortgage credit to farmers—Mr. Harkness—Mr. Sevigny in the chair.

On clause 1—*Short title.*

(Translation):

Mr. Boulanger: Mr. Chairman, when we adjourned at ten past six, the hon. member for Megantic (Mr. Roberge) had asked some questions which the Minister of Agriculture (Mr. Harkness) had not yet answered.

On second reading of the bill, I myself asked the minister some questions as to the possibility, for farmers in the province of Quebec, to borrow as much as $27,500. I said then that Quebec farmers would not qualify under the act, if it were adopted in its present form, because our laws do not allow farmers to use livestock as collateral for more than 18 months. I also said that there is legislation governing "ventes à réméré" which prohibits the mortgaging of livestock for a period of more than 10 years.

Consequently, I am asking the minister to tell us if farmers in the province of Quebec will be able to borrow more than $20,000 and obtain supervised loans?

(Text):

Mr. Harkness: Mr. Chairman, I did not answer some of the questions which were posed on clause 1 because they really come more properly under some of the subsequent clauses. However, if it will expedite matters I perhaps should say a word on some of the points which have been raised.

The hon. member for Drummond-Arthabaska, in speaking previously, expressed some doubt whether this legislation was applicable in eastern Canada as well as in western Canada. He also expressed some doubt whether I was aware of agricultural problems in the east as well as in the west. I can assure him that I certainly am aware of them. As a matter of fact, I have them brought to my attention very forcibly every day. I may also tell him that my first recollections actually were of life on a farm in eastern Canada. I have therefore had a certain amount of familiarity with farming conditions in eastern Canada from the time that I can first remember anything.

In connection with this question of whether a farmer in the province of Quebec would be able to borrow the maximum amount possible under this legislation, namely $27,500, may I say that it would be just as possible for a farmer in Quebec to secure the maximum amount as it would be for a farmer in any other province as long as he has sufficient security in land, livestock and chattels to justify a loan of that amount. There are in the eastern townships of Quebec a considerable number of farms with which I am familiar on which a loan of $27,500 would be well justified. A young man, say the son of a farmer or somebody else who wished to buy the farmer's place in that particular area, I think could qualify there for the $27,500 just as well as or in fact much better than in many other areas in Canada of which I know. I trust that is sufficient as far as that point is concerned.

I should like to compliment and thank the hon. member for Kootenay West for his tribute to the Veterans Land Act and the work it has done in this country. I myself never lose an opportunity of saying how great a contribution the Veterans Land Act has made, not only to the Canadian veteran but to Canadian agriculture generally, in the work it has enabled to be done in the past 15 years. The Veterans Land Act has set up an excellent organization and they have done an extremely good job as far as supervising farm credit is concerned, and it is on the basis of the great success the Veterans Land Act has had that we thought it was a practical and useful endeavour to set up a supervised farm credit plan such as the one we now have under consideration, which would be applicable to the younger farmers throughout Canada. I am quite sure that this present bill will work out just as successfully as the Veterans Land Act has done in establishing younger men on farms, and in aiding the setting up in this country of economic farm units.

The member for Megantic brought up the question of "rentes a réméré". Those are, as I understand it, a particular type of agreement for sale which exists in the province of Quebec. The precise reason why we have used those words in this act, both in the English and the French versions—there is no good English translation of that phrase, I understand—was to make it clear that the type of instrument used in the province of Quebec would be acceptable and could be used as far as this bill is concerned. I am not familiar with what I might call the legal ramifications of this, but certainly the legal people from Quebec were consulted by our justice department when this bill was drafted, and that is the reason why the term was included in what would be looked upon as a mortgage for the purposes of this act. As far as I know, I am advised that there will be no serious legal difficulties in applying the act in the province of Quebec.

I think that I dealt with the points brought up by the hon. member for Assiniboia before we adjourned.

Clause agreed to.

Proposed Long Term Credit to Farmers

On clause 2—*Definitions.*

(Translation):

Mr. Boulanger: Mr. Chairman, sub-paragraph (e) of section 2 of the bill defines the word "farmer" as follows:

"Farmer" means a person whose principal occupation is farming, and, for the purposes of Part II, includes a co-operative farm association and a family farming corporation as defined by regulation;

May I ask the minister what is meant here by a "co-operative farm association"?

(Text):

Mr. Harkness: Yes, Mr. Chairman, there exist a number of co-operative farming organizations, particularly in western Canada, in which 4, 5, 6, 7, 8 or more farmers have combined together to do their farming as a co-operative and thus are able to buy bigger machinery and a greater variety of machinery than anyone could do individually. They form a co-operative under the co-operative laws of the province to carry on their farming operations. It was felt that an organization of that kind should have the advantages of this farm credit act.

Mr. Nesbitt: Mr. Chairman, just a brief remark. Subclause (e) says that:

"farmer" means a person whose principal occupation is farming—

We all realize the purpose of this being included in the interpretation clause of the bill, but I would like to express the hope to the minister that his officials, when administering this act, will be a little more flexible in their interpretation than were the officials of the farm loan board in days gone by. There are a great many people, particularly in my part of Canada, especially new Canadians from the Netherlands, who are very anxious to obtain farms, and everyone in the family gets out and works to try to pay for the farm. It often happens that the father may have a job in a plant in town in order to try to earn enough money to help pay off the mortgage more quickly, and his wife and the other members of the family look after the farm. I know that in the past people who wished to become genuine farmers under the long term provisions of the act, and who are working temporarily in a plant only to try to raise money to buy sufficient stock and implements to make it a paying operation, have been discriminated against. I hope when this act comes into effect much more flexibility will be given, as I feel sure it will, to the interpretation of the words "whose principal occupation is farming", and that the needs of many people who have side jobs occasionnally on a full-time basis, as I say only in order to make payments on the farm and buy stock and equipment, will be given greater consideration than was given them by the former farm loan board.

Mr. Harkness: It is to look after situations of this kind which have now become reasonably common that clause 11 (2) was put into the bill, so that where a man has two occupations and it can be determined that the major occupation is farming, he would be eligible for a loan, which up to date he has not been.

Mr. Henderson: I am very interested in this bill. In my part of the country the average farmer is getting past his working age and he would like to sell the place to his son. Of course the son has not enough money to buy it, and this act is made to order for him. There is not a chance in the world of losing a cent because these people are all good farmers. These people are in the Peace river country, the finest grain producing part of Canada, and farmers from this district won the world championship for growing wheat five times. The exhibitor Herman Trelle was finally barred at Chicago. You can look his name up and you will find it. Also the champion grain grower last year was growing grain in that country. These young farmers want to start. I have had dozens of letters from them. The older farmers cannot retire because they have nothing to retire with. There is no country more sure than this country I am speaking about. They have a crop every year, not like Saskatchewan.

Some hon. Members: Oh, oh.

Mr. Henderson: The young fellows feed cattle in the winter time and they really know their jobs. But grain growing and growing grass seed is essential, and if they can get this loan at 5 per cent—they do not want to pay 10 or 12 per cent—then they will make a success and you will not lose one dollar.

Mr. Harkness: I am sure the Peace river country is one of the areas where this bill will be particularly beneficial. It might be of interest to the hon. member and other hon. members of the committee to know that the three times wheat champion, Herman Trelle, did have a loan under the farm loan board.

Mr. Aiken: I would like to direct the attention of the minister to subclause (g) which defines farm land. I notice that the definition of farm land now includes buildings and other improvements thereon, which was not in the previous act. I am referring particularly to people like poultry raisers who have been unable to get a loan because they did

not have enough land and most of the investment was in buildings. I would like to ask the minister if this new definition of farm land will be of assistance to that type of person.

Mr. Harkness: I think it will, but the appraisal of any particular piece of land for the purpose of this act will be made primarily on its production potential. If you have an acre of land with three or four chicken houses on it I do not think the production potential could be based on the chickens you would be able to produce in those circumstances. In other words, the land would have to be valued on the basis of an appraisal of what the chances would be in the next ten or more years in that particular branch of the industry.

(Translation):

Mr. Boulanger: Mr. Chairman, I should like to say a few words in connection with the minister's reply about loans to farm co-operatives. I would have liked the minister to announce a system of loans for farm co-operatives, like the one reported by farmers through their associations. In fact, the Canadian Farmers' Association has requested on many occasions that loans be put at their disposal to promote their business and the marketing of farm produce, because our co-operatives are in urgent need of money to prepare, produce and market their products.

I would ask the Minister of Agriculture to kindly consider their request and introduce an amendment accordingly, in order to help farmers who are in need of money, and to offset integration from which we are suffering today.

(Text):

Mr. Harkness: The farm co-operatives which are mentioned in subclause (f) are, as I indicated earlier, associations of a relatively small number of farmers in most cases who pool their operations and machinery. They are producing co-operatives. The type of farm co-operatives about which the hon. member is thinking are mostly marketing co-operatives, and we have legislation to look after them in the Agricultural Products Co-operative Marketing Act. This measure is not designed to assist people who market their production and I do not think we should confuse the purpose of this act, which is designed to enable people to get into the farm business or expand their present farm operations, with the objects of the legislation which I have just mentioned, because they are two different things.

Mr. Martin (Timmins): I wonder whether the minister does not think there may be some clash between clause 2 subclause (e) and clause 21 in part II of the bill which says:

(2) The total amount outstanding of loans made under this part to any one person, alone or jointly with others or in respect of a single farming enterprise, shall not exceed $20,000.

How would this apply so far as co-operative groups are concerned?

Mr. Harkness: No, there is no conflict with regard to that matter at all. A co-operative group is entitled to $20,000 or $27,500 as the case may be, or two men in partnership might be entitled to it. However, the total amount for a particular farming operation would not exceed $20,000 under part II and $27,500 under part III.

Mr. McQuillan: I should like to ask the minister if this bill applies to tree farming.

Mr. Harkness: There is a special clause which we have put into the bill to deal with wood lots. It is clause 19(2) which reads:

For the purposes of this act the value of a farm for agricultural purposes may include the commercial value of any part thereof used for the production of forests products.

That is to look after, in particular, the value of wood lots. As I say it would include, of course, tree planting for commercial purposes.

Clause agreed to.

Clauses 3 to 8 inclusive agreed to.

Clause 9—*Advisory committee.*

Mr. Argue: Clause 9 provides for an advisory committee. It reads as follows:

9. (1) The Minister shall appoint an Advisory Committee consisting of a Chairman and at least six but not more than nine other members, the majority of whom shall be farmers or representatives of farm organizations.

(2) The Advisory Committee appointed under subsection (1) shall advise the Corporation with respect to such matters arising under this Act as are referred to it by the Minister or the Corporation.

(3) The members of the Advisory Committee may be paid for their services such remuneration and expenses as are fixed by the Governor in Council.

We are pleased that there is to be an advisory committee and that the majority of the members will be farmers or representatives of farm organizations but we feel that the advice of this committee should not be available only when sought expressly at the direction of the minister or of the corporation but rather that the committee should, of its own right, be able to tender advice to the corporation and to the minister. What will happen, in effect, if the advisory commitee has not the right to tender advice on its own is that its advice will seldom be sought, that the committee will meet very

seldom, if ever, and that in time its advice, if sought at all, will be requested with regard to some particular matter referred to it by the Minister of Agriculture. I think that is far too narrow a scope. I think it restricts unduly the function of such an advisory committee and will probably mean that the committee will be entirely useless. We have had experience with advisory committees set up under acts. We know that sometimes they are seldom called together and that their advice is sought not on important policy or controversial matters but with regard to details of questions which are not as important as questions involving major policy.

We had a discussion on this point in connection with the Agricultural Prices Stabilization Act and finally there was a provision made, if I recall it correctly, that the advisory committee should meet twice a year. However, there is no provision in this bill for regular meetings of the advisory committee. Unless something is done to meet this point the committee will have its hands tied and be unable to do its job of giving advice to the minister and to the corporation on what it feels are important policy matters. I therefore move, seconded by the hon. member for Timiskaming:

That paragraph 2 of clause 9 be amended by deleting there from all of the words after the word "corporation" in line 19, and substituting therefore the following words: "and the minister on matters of policy within the term of this act."

Paragraph 2 would then read as follows:

The advisory committee appointed under subsection (1) shall advise the corporation and the minister on matters of policy within the terms of this act.

This would allow a competent and energetic advisory committee composed of farmers and representatives of farm organizations to give advice to the corporation and to the minister on matters of policy within the terms of the act. We have used the word "policy" to make it clear that we would not ask the advisory committee to pass on particular applications, but to look into the details of the operation of the board.

We have heard a great deal of strong criticism in this house of the Canadian farm loan board in recent years. I am certain that if there had been a strong and lively committee that had the right to tender advice to the board its administration would have been much better than it in fact has been.

We are hopeful that this new legislation will work in the long term interests of agricultural producers. We say again that we are pleased with the announcement that there shall be a fixed rate of interest. That will prevent an increase in the interest rate to more than 5 per cent as long as that provision is in the bill. If the minister cannot accept this amendment we would have no objection to his accepting the spirit of it and wording it somewhat differently.

The idea behind the amendment is that the advisory committee should feel free to advise the corporation and the minister on main policies coming within the scope of the legislation.

Mr. Harkness: If the hon. member had had any experience with advisory committees of this kind he would know they are never loath to give advice on general policy measures or anything else that might come within the purview of the body to which they are an advisory committee.

The terms here are the same as in the Agricultural Stabilization Act. The advisory committee is set up under a very general type of terms. Certainly there is no idea in anybody's mind that the committee will be circumscribed in any way.

The hon. member is trying to establish a point that does not exist, that the wording here would circumscribe severely the advisory committee. That is just not the case. It is the same type of committee that we have under the Agricultural Stabilization Act. That advisory committee discusses matters of all kinds and tenders advice on matters of all kinds concerning stabilization policies. I presume this advisory committee would follow the same course.

Mr. Herridge: Mr. Chairman, I wish to support the remarks of the hon. member for Assiniboia and let the minister know that we thought this amendment over and offer it in a most constructive and co-operative spirit as we have demonstrated throughout the discussion of the bill since the improvements were announced by the minister this afternoon. We take the words "as are referred to it by the minister or the corporation" as limiting the capacity of the advisory committee to advise the minister or the corporation. We fully understand in moving the amendment that the responsibility for decisions continues to rest with the minister and the corporation, even after advice is given on any matter and even if the amendment is carried.

This amendment is not moved with the idea of transgressing the responsibilities and powers of the minister and the corporation. It is moved with the idea of making it possible for the committee to at all times submit its views to the minister or the corporation on any matter with respect to policy in the administration of this legislation. Those would be matters of direct concern to farmers, borrowers and persons of that sort

We urge the minister to give further consideration to our amendment and representations knowing they are advanced, as I said before, in a most constructive and co-operative spirit.

Mr. Brunsden: Mr. Chairman, the last speaker and the leader of his very small group, as usual, have completely ignored the fact that in matters agricultural the minister and his new farm loans organization have the finest advisory body in Canada; they have members on this side of the chamber who are dedicated to the farmers of Canada. I should like to say to the two hon. gentlemen that as one having had some experience with the Canadian Farm Loan Board I know that one of the weaknesses of the board as operated to date has stemmed from the fact that there has been no advisory body of any kind. The interpretation and administration of the act, the classification, granting and refusal of applications and matters related thereto, have been determined very largely by one man. That individual is no longer with the Canadian Farm Loan Board.

It seems to me, may I say in all humility, that with the very valuable advice of many of us on this side of the chamber who are in a position to give the minister and his administrators our conscientious views on questions of this kind, and with the services of the advisory board that is now to be created, this legislation will be far superior to anything we have had in Canada with respect to farm loans and therefore should be endorsed.

Mr. Chevrier: Mr. Chairman, it would strike me that the purpose of this clause is to establish an advisory committee which, I take it, would from time to time advise the minister. It would also strike me that if the minister required advice from the advisory committee all he would need do would be to seek advice from time to time as is the case with respect to another matter that came before the house concerning the Unemployment Insurance Act. In that light it would strike me that this amendment is redundant to that effect at least. For that reason we propose to vote against it.

Mr. Herridge: Mr. Chairman, I did not reply to the hon. member's suggestion. He mentioned the unemployment insurance advisory board. If this advisory committee were to operate in the same way it would mean the minister would not take any advice.

Mr. Peters: In reply to the hon. member who has spoken for the Conservative party I would like to point out that a great deal has been said recently about the matter of the advice that legislators are giving to the cabinet. It is about time we found out how fast these backbenchers can talk. There are 208 Conservative members and during the course of one caucus meeting—

An hon. Member: Listen to the C.C.F. brainchild.

The Chairman: Order.

Mr. Peters: Mr. Chairman, I am just pointing out that each member has 26 seconds a week to tell the frontbenchers what they should do—

The Chairman: Order. At the present time we are talking about the members of the advisory committee.

Mr. Argue: We have just had a volunteer from Medicine Hat.

Mr. Peters: I am just talking about the 208 who are going to act as the advisory committee to the minister.

Some hon. Members: Order.

Mr. Peter: I pointed out that each has only 26 seconds a week to talk on this matter.

Some hon. Members: Order.

An hon. Member: Another farm expert.

Mr. Peters: Mr. Chairman, we move this amendment because we are aware that the advisory committees have not been satisfactory in the way they have been constituted either in the case of the unemployment insurance commission or with respect to the agricultural stabilization legislation. In neither case have the members of these committees been able to give the advice that they were fully capable of giving. I am sure that the members of this advisory committee will be capable of giving advice on a variety of subjects. Their advice may not suit the minister but it may be of vital importance to the farm organizations and the farmers who are going to take advantage of these loans.

I can see no objection if the minister wishes the type of advice that the people to be appointed to this advisory board are in a position to give. If he says he is willing to accept this type of advice in the case of the agricultural stabilization board, then I see no reason why this amendment cannot be adopted and why it is not supported by the minister unless he has it in mind that only those matters he wishes will be referred to the committee. I would urge the committee to accept the amendment either in its present form or in a form that the minister himself may see fit to introduce.

Mr. Argue: Mr. Chairman, the clause as it now stands makes a farce of the advisory

committee. It makes the advisory committee not only a creation of the government and of the minister but it leaves any future meetings of the advisory committee entirely at the discretion of the board and the minister and that is also true as to the subjects it may consider for the purpose of tendering advice to the government. I am surprised that the Minister of Agriculture has taken the position of emasculating the advisory committee even before it has been set up.

I always listen to the remarks of the hon. member for Medicine Hat with great interest. I can remember occasions when he has said things in the house with which I have agreed very emphatically. But I do not think he was on very sound ground tonight. What he has said is that we do not really need an advisory committee representing farmers and farm organizations.

Mr. Brunsden: May I ask the hon. member a question? Is he putting words in my mouth? I did not say that. I merely said that with respect to policy the minister had the opportunity to draw on the experience of a lot of members who represent farming constituencies. I did not oppose the advisory committee.

Mr. Argue: I quite understand that. The hon. member did not oppose the type of advisory committee that would be provided for by this clause. The member has emphasized exactly what I thought he was saying, namely that when policy matters are concerned it is not an occasion for advice from an advisory committee consisting of farmers and representatives of farm organizations but rather it is an occasion for advice from the private members of parliament who support the government.

An hon. Member: The elected representatives from certain ridings.

Mr. Argue: My hon. friend has talked about the advice that has been given with regard to the farm loan board for which this new corporation is to be substituted. He has said that one important person who used to have a good deal to do with the farm loan board is now gone because of the advice that has been given. This is a classic example, Mr. Chairman, of one set of politicians in power trying to get rid of another set of politicians. The hon. member has said that the advice that they have given to the minister and the government has brought about the dropping of the head of the Canadian farm loan board. I say to my hon. friend that he has strengthened the very reason why we have moved this amendment, namely to try to get an advisory committee of farmers and representatives of farm organizations who are in an independent position to advise the government on matters of policy. We do not want these matters to remain the exclusive property apparently of the backbench Conservative members. Rather, we want to see established a strong, independent advisory committee that is not the child of the Minister of Agriculture and does not depend for its existence on the minister asking for its advice and then being remunerated in accordance with the terms of subclause 3.

The hon. member for Medicine Hat has said that when it comes to policy matters the government has a very strong group to advise it.

An hon. Member: Haven't we?

Mr. Argue: That is very true. Almost every member in their vast majority is there to advise the government, but I am wondering what the advice has been with regard to other matters. If their advice as to policy is being followed now, it is a wonder that these gentlemen are not advising the government to make deficiency payments.

Mr. Churchill: You are out of order.

The Chairman: Order. I listened with great care to the arguments of the hon. member for Medicine Hat. I must say that until I had heard what he had to say I could hardly call him out of order, which he actually was. I therefore have given a similar chance to the hon. member for Timiskaming and the hon. member for Assiniboia to be out of order for a while. I believe that at present we are discussing a rather simple matter concerning an advisory board to the minister to advise on questions of farming. We are straying somewhat into a general political discussion and I believe all hon. members will agree with me that this is neither the time nor the place to stray into such a discussion. I must therefore declare the present debate on this particular question of politics out of order. Hon. members have heard the amendment. Those who are in favour—

Mr. Argue: Mr. Chairman, I have the floor. Even the chairman cannot take that away from me.

Some hon. Members: Oh, oh.

Mr. Argue: I have the floor.

Mr. Grafftey: Louder.

Mr. Argue: I am wondering for how long it has been out of order in this house to have a political discussion. As a matter of fact, I think that is the pith and substance of discussion in the Canadian House of Commons. This measure has been brought in by the government and in that sense is a political

measure. It is a measure that we have supported and we will continue to support it. I am endeavouring to say why there should be a strengthening of the advisory committee under clause 9 of the bill. I have said that the committee should be strengthened in order to remove advice on policy matters given to the corporation as far from political considerations as may be possible.

Mr. Grafftey: Would the hon. member permit a question? Is the hon. member suggesting that the elected representatives of the people are not in a position to advise, or at least give their suggestions, because that is exactly what he has said?

Mr. Argue: Oh, no, not at all.

Mr. Grafftey: You say that, and you should know that is right.

Mr. Argue: I am very pleased indeed with these interruptions and these questions.

Mr. Grafftey: Answer my question.

Mr. Argue: Yes, I am in favour of it. Is that good enough? The hon. gentleman asked if I was in favour of members of parliament being able to give advice and the answer is definitely yes. That is what we are here for, and we are doing it all the time. However, I do not believe the hon. member for Medicine Hat should endeavour to say that because members of parliament on the government side of the house are giving advice to the board on policy matters, that therefore you do not need a strong advisory committee as we are requesting by this amendment.

We have other advisory committees, Mr. Chairman, giving advice on some occasions to the government and to other boards. I would be very much interested to have the opinion of the hon. member for Essex East on this very important amendment that has been presented here tonight because not only do I realize that the member for Essex East is studying farm questions very diligently and is making continued and substantial progress, but I am well aware, as I know government members are painfully aware, of the tremendous interest the hon. gentleman has taken in another advisory board, namely the board advising the unemployment insurance commission.

Before you rule me out of order, Mr. Chairman—

Mr. Churchill: A constant breaking of the rules.

Mr. Argue: I am listening to the Minister of Trade and Commerce who has been interrupting, in spite of the rules, as he always does.

Mr. Churchill: I rise to a point of order, Mr. Chairman.

Mr. Argue: Let us have a legal interruption.

Mr. Churchill: Will you rule the hon. member for Assiniboia out of order for discussing a matter that had been raised earlier and which you indicated was out of order? He is now continuing his flagrant flouting of the rules, which is outrageous conduct.

Mr. Argue: We would make a lot more progress—

An hon. Member: If you sat down.

The Chairman: I must remind the members of the committee that we are discussing at present the question of the appointment of an advisory committee under subclause 1 which says:

> —shall advise the corporation with respect to such matters arising under this act as are referred to it by the minister or the corporation.

Then, the hon. member for Assiniboia introduced his amendment. What is actually out of order is to change things around and suggest that the advisory board should be composed of hon. members of this house. It was out of order to suggest such a thing. It is quite out of order for the hon. member for Assiniboia to carry on in this fashion. It is also out of order, in this particular matter, to ask the hon. member for Essex East to become an expert on agricultural matters.

Mr. Martin (Essex East): I have no right to rise on a point of order, as you know, but I am sure Your Honour would recognize that has now become an accomplished fact.

Mr. Argue: I have been referring to the hon. member for Essex East, and since the hon. member for Essex East is not at all backward, before I had announced that he had graduated from the school of agriculture he has announced that he is already an expert. I know, therefore, he would be most interested in my reference to his strong stand on the need for advisory committees and the need to have advisory committees advise the government and boards that carry on under important acts, independently and beyond the control and influence of the government.

I was dissappointed with the statement made by the hon. member for Laurier. Sometimes we in this group advance an idea that commends itself to the government and the government, after considering it, will accept it. One of the things that makes it most difficult is when we in the C.C.F. advance an idea for the consideration of the government to be opposed by the Liberal party. I have spoken to farm leaders in recent weeks and they are not satisfied with the method of operation of the advisory committee to the

agricultural prices stabilization board. I say, and I think I can do so without fear of successful contradiction, that farm leaders across Canada would welcome the amendment that has been proposed. they would welcome the right to appoint representatives to the advisory committee who, in turn, would have the right without qualification to advise the government on policy matters. But the hon. member for Laurier says that is not acceptable; he does not want to give an advisory committee that much power.

Mr. Chevrier: He said no such thing.

Mr. Argue: Therefore, if the government should decide to oppose this amendment, and the minister should continue to oppose the amendment, if members of the Liberal party join with the government in opposing this amendment, then they will have to answer to farm organizations and farm leaders in this country, who not only support advisory boards but support boards advisory to the government and to the minister that have the authority in their own right to tender advice without waiting for something to be submitted to them by the minister.

Mr. Chevrier: Mr. Chairman, the amendment which is before the committee seems to me to be a very simple one, and one which could be very easily defined. The hon. member for Assiniboia, unfortunately, instead of dealing with the amendment has dealt with a number of other things, and Your Honour has allowed him to do so.

The point which I am trying to make now, and which I tried to make earlier as briefly as I could in order to hasten the passage of what appears to us on this side of the house to be a measure which is commendable in itself, was this: What the amendment seeks to do is to ask the advisory committee to advise the minister as well as the board; so that under the circumstances there could be no doubt, in our mind at least nor is there any question, of the personnel of the advisory committee. This does not come up in the amendment, nor is it here for consideration.

If one looks at the definitions in clause 2 one has not got to be a Philadelphia lawyer in order to understand that the amendment now before the house is redundant in that the definition of the minister is given as that of the Minister of Agriculture. It strikes me, and I hope it will strike those who sit with us on this side of the house, that if the Minister of Agriculture is the responsible one for the appointment of the advisory board, then that advisory board will report to him. The minister will then be in a position to either accept or reject or ask for advice. On the amendment as it stands now, it is not a question of whether or not the personnel of the advisory committee should be considered, but as it reads it is simply this: That the advisory committee appointed under subsection one shall advise the corporation and the minister on matters of policy within the terms of the act.

My submission is that the clause as now formed contains what is in the amendment and for that reason the amendment is redundant.

Mr. Harkness: I have been trying to intrude myself into this argument for some time in what for me perhaps may be a somewhat unusual role, namely that of pourer of oil on troubled waters. If the hon. member will look at his amendment and at the clause that is written in the bill, I think he must come to the conclusion that his amendment is redundant. What else can the board advise the minister on? What else would they be asked to advise on except policy matters? They are certainly not going to advise whether Jones gets a loan of $20,000 or $15,000, individual cases as I think the hon. member for Kootenay West stated. In other words, the purpose of the advisory committee is to give advice on policy matters. That is why they are there. That is really the only type of advice that they can give. They cannot give advice with regard to individual cases. Therefore to write in or to try to write in, as the hon. member has done "shall advise the corporation and the minister on matters of policy within the terms of the act" is a procedure which, as the hon. member for Laurier has said, makes the language completely redundant and does nothing. In other words, I submit that all this argument has been really over practically nothing. Instead of wasting our time on something that is not material, I think we should get on with the other clauses of the bill.

Mr. Howard: We listened very carefully both to the comments from the hon. member for Laurier and those of the minister just recently on the question of redundancy or whether the idea behind the amendment is already contained in the clause. I would suggest to the minister that if he is following the advice given to him by the hon. member for Laurier he is taking rather poor advice and that he would do better to consult the officials in front of him.

An hon. Member: What about those behind him?

Mr. Howard: Yes, and those behind him. I wish the minister would take that advice when it comes to important matters like

deficiency payments. Whether or not they have advised him, I do not know.

Some hon. Members: Order.

Mr. Howard: If I may, I should like to point out again the purpose of the amendment, and it is quite clear without any reference to Philadelphia lawyers or lawyers from any other part of the country. It is quite clear that the design behind this amendment is to give the advisory committee the right to study things and make reports and recommendations to the minister on its own initiative without having to wait for the minister if and when he so decides, after he gets political advice from his 206 friends; without having to decide whether he should refer that to the advisory council or without having to wait for the corporation to decide whether or not to refer something to the committee. This would give to the advisory committee the right to study things itself, to take matters under consideration, to look at them as they arrive from day to day, without waiting for the minister or the corporation to make up their minds, without waiting for these self-appointed advisers that are in the house at the moment to decide what they might suggest to the minister he should refer to the committee.

Mr. Grafftey: Explain that term "self-appointed advisers".

Mr. Howard: The minister was just looking for some sort of lame excuse to oppose the amendment merely because it comes from this section of the house and he grasps the straw offered to him by the hon. member for Laurier who likewise does not know what he is talking about. The hon. member for Laurier must still think he is sitting on the other side of the house on the government benches. He should learn for at least a while that he is sitting on this side of the house where sense prevails and where we do not tackle things with all the intensity of inexperience but look at them as they should be looked at, namely in the light of the words that are used.

Some hon. Members: Question.

Mr. Howard: I am sure that the minister in reflecting upon the comments he has just made in giving the committee the Liberal policy such as it is on this particular phase of the agricultural question will make the frank admission that he was in error in talking about redundancy. I ask him to be honest and say that he was incorrect and that he will accept the amendment and will disregard what my friend the hon. member for Laurier tells him.

Amendment (Mr. Argue) negatived: yeas, 6; nays, 99.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Objects, purposes and powers.*

Mr. Peters: It is not clear to me how close we are going to get the Veterans Land Act directors involved in this matter and the extent of supervision. We have heard the favourable words that have already been said by hon. members on the other side of the house with regard to the need of some supervision and the wonderful job the Veterans Land Act administration has done. I should like to ask the minister how closely they want to co-operate or intend to co-operate with the officials of the Department of Veterans Affairs and in particular the administration of the Veterans Land Act.

Mr. Harkness: The closest possible co-operation is in mind. We expect that all of the supervision will be carried on and most of the appraisal work or at least a good deal of it, will be carried on by the Veterans Land Act administration. As I have said, all of the supervision will be carried on by the Veterans Land Act administration. For this purpose the director of the Veterans Land Act will use exactly the same personnel, the same organization and so forth but he will report to me as Minister of Agriculture for the work he does under this act rather than to the Minister of Veterans Affairs to whom he will continue to report for the work he does under the Veterans Land Act with regard to soldier settlers, veteran settlers and so on.

Mr. Herridge: I just want to say that I am very pleased to hear that the practical administration of the act will be through the director of the Veterans Land Act administration and his officials. On that basis I am quite sure that we can be assured that success will be the result of the administration of this act.

Mr. Peters: I should also like to express my thanks and the appreciation, I am sure, of all those who are going to be getting loans because of the decision that the minister has taken. In speaking on the resolution the other day I asked that some consideration be given to this matter of insurance. Clause (f) states as follows:

> (f) take such steps and do all such things as to it appear necessary or desirable to protect the interest of the corporation;

That sounds very much like some of the writing which came out of the trans-Canada pipe line easement clauses where there is all kinds of protection for the corporation

but none for the farmer. This is a case where the minister could turn to some of the backbenchers and ask their advice, because if it is not important to them, it should be.

As I mentioned, Household Finance will take out insurance on the life of a mortgagor. This has obviously been advantageous because now banks have followed suit as well as other financial organizations. I cannot see any justification for protecting the government and this corporation, but taking no steps to protect the farmer, particularly his family where the breadwinner dies leaving his family with the mortgage and the widow is not able to carry on or even to sell the farm. This type of insurance would at least ensure that the widow and children left behind as a result of a disaster of this nature would have a mortgage-free farm. This is a matter which I am sure every mortgagor would welcome. He would pay the small premium necessary for insurance of this nature, which is not expensive. I can see no justification for this government, a government represented by so many who say they have the interests of the farmer borrowing under this bill in mind, neglecting to have insurance attached to the mortgage. I suggest another clause should be written in the bill in conjunction with this one which protects the interests of the corporation in order to protect as well the interests of the families which are dependent on the breadwinner and who will be obtaining this mortgage.

Mr. Harkness: Mr. Chairman, I am sorry that the hon. member did not bother to read the bill. If he had he might have saved himself and the committee the last five minutes of time, because if he will look at clause 26 it is provided that there shall be insurance on the life of the borrower to cover the loan, and in the event that the borrower dies his widow and family will have the land and chattels free of debt. That is one of the provisions in this bill.

Clause agreed to.

Clauses 12 to 15 inclusive agreed to.

On clause 16—*General provisions respecting loans.*

Mr. Harkness: Mr. Chairman, on clause 16, as I indicated when we commenced our study of this bill, I should like to ask my colleague the Minister of Transport to move an amendment to subclause (c) governing the rate of interest. As I indicated at the start in committee, we have decided to place an equalized interest rate, I might call it, of 5 per cent instead of the proposal, as it was to begin with, of an interest rate which would be the cost of money in any particular year to the corporation, which would have meant, of course, high interest rates at certain times and low interest rates at others. As I said, it was felt that this would be an inequality, and to some extent an inequity, as far as farmers who borrowed at the high rate were concerned, and that it would be better to put them all at the same level.

There is one other thing in connection with it. At the present time it may seem to be somewhat embarrassing to certain provinces which have farm credit schemes of their own. For example the province of Saskatchewan has a farm credit scheme in which the interest rate is 6½ per cent.

Mr. Argue: That is incorrect.

Mr. Harkness: One of the reasons why, as I stated on second reading, we had this interest rate in the form it was was to avoid making it difficult or embarrassing in any way to any of the provincial credit schemes. However, as I say, the general opinion of most of the supporters of the government was that it would be better to have an equalized interest rate rather than the basis which was originally proposed. The hon. member for Assiniboia said that this is not correct and that the Saskatchewan C.C.F. government scheme does not bear interest at 6½ per cent. However, that is the case.

Mr. Argue: That is not what I mean. I will explain to the minister in a moment.

Mr. Harkness: I have an excerpt from his favourite paper here, *The Western Producer* for June 25, which states very definitely that the interest rate has been set initially at 6½ per cent. However, as I say, for the reasons I have given we have decided now upon this equalized interest rate, and I will ask my colleague, the Minister of Transport to move the amendment providing for that.

Mr. Hees: Mr. Chairman, I move:

That paragraph (c) of clause 16 be deleted and the following substituted therefor:

"(c) the interest rate on loans shall be 5 per cent per annum;"

Mr. Argue: Mr. Chairman, I want to assure the Minister of Agriculture that not only is the amendment which has been moved by his colleague, the Minister of Transport, not something which will embarrass the C.C.F. or the Saskatchewan government, but it is something we have advocated many, many times in this house.

Some hon. Members: Oh, oh.

Mr. Argue: Before the Minister of Agriculture and his supporters get too joyful, they

should remember that what this does is not to lower the interest rate. What this does is to make certain that the interest rate does not go any higher, and that is very important. I was reading the other day the evidence given by the Canadian Federation of Agriculture on agricultural credit and a system of agricultural credit, and one of their strong recommendations was that the whole question of agricultural credit should be removed from the Department of Finance and placed under the Minister of Agriculture. Although the Canadian Federation of Agriculture in 1956 could not know the interest situation in Canada today, they must take great satisfaction in having advocated the transfer of farm loan legislation from the Department of Finance to the Minister of Agriculture. This is the first hopeful suggestion we have had that perhaps, if the Minister of Finance himself will not put a brake on the ever-increasing interest rates that result from his policy, other ministers, in this case the Minister of Agriculture—

Mr. Harkness: Order.

Mr. Argue: —will put a very welcome, but a very necessary brake on interest rates. I think that in the light of the continuing high interest rates this amendment presented by the Minister of Agriculture is a very acceptable and a very commendable one.

The Saskatchewan government legislation has been referred to, and I will sit down if the minister thinks anything I say now is misinterpreting the information which he has. As I understand it, the Saskatchewan government itself is not in the field of farm loans at all. It has not intended and does not intend to get into that field. Rather, having waited for a long time for action at the federal level, they have decided that they would provide certain guarantees to the very large co-operative credit societies we have in Saskatchewan so that the co-operatives could provide the machinery for the making of loans to farmers in Saskatchewan. The Saskatchewan government will be making no loans to farmers in Saskatchewan. The agency which will be making loans is the Co-operative Trust Company, and its debentures and credit are guaranteed by the Saskatchewan treasury. To that extent, of course, the Saskatchewan government is promoting the field of farm credit.

Mr. Harkness: They are in exactly the same position as we are with this proposed farm credit corporation that the present bill sets up.

Mr. Argue: I do not think so. The corporation the minister is establishing here is a government corporation. This is a socialist enterprise which our federal Minister of Agriculture is piloting through this house. This corporation, owned by the federal government, owned by the people of Canada, will be in the position of making loans to farmers at 5 per cent, and in the context of the high interest rates being charged today by the private lending institutions for agricultural credit, if the new loan corporation follows a policy which is liberal with a small "l" it will be doing the bulk of the farm loan business in Canada and will be driving out the private mortgage interests as we know them. Farmers are sufficiently good businessmen to try to get their mortgages at the least possible rate of interest, and to my knowledge there is not a single mortgage company in business which is making loans at 5 per cent; the majority are making loans at 6 per cent, 6½ per cent, 7 per cent and perhaps even higher.

Mr. Hanbidge: Is there any company making farm loans in Saskatchewan outside the Canadian Farm Loan Board?

Mr. Argue: Yes. I can think of a couple of loan companies in Saskatchewan which in very recent times have provided loans to farmers in that province. Since the hon. member for Kindersley has asked that question, may I say that I do not think the mortgage companies have been doing any large business; I do not believe the farmers of Saskatchewan are too anxious to become involved, because of their experience with private mortgage companies in the past, and therefore it has been necessary for the federal government to provide for a crown corporation which would lend money to farmers at a rate of interest fixed at 5 per cent. This means that this corporation, if it looks at the applications in a reasonable manner, will do a very large business and supersede to a large extent private mortgage companies in this country as far as agriculture is concerned.

Amendment agreed to.

Clause as amended agreed to.

Clause 17 agreed to.

On clause 18—*Agreements to supervise farming operations.*

Mr. Harkness: On clause 18 there seems, from some of the articles I have read in the newspapers and from some of the letters I have received, to be a certain amount of confusion in regard to the supervision of loans. I should like to point out that this clause makes it possible for supervision to be provided in connection with any loan made under the act.

Proposed Long Term Credit to Farmers

A number of people apparently think that supervision can only be given when a loan is made under part III, that is, the type of loan for which the maximum is $27,500 made to a farmer between the ages of 21 and 45. However, that is not the case. Clause 18 makes it possible to supervise a loan secured by a farmer under part II. I should make that clear to the committee. I do this particularly because only today on my return from the west I received a letter from Mr. Walls, the manager of the British Columbia federation of agriculture who was under that impression. His letter states:

I wish to congratulate you and your government on the presentation of Bill C-67, the new Farm Credit Act. This may well be one of the most important and far-reaching pieces of legislation promulgated for the benefit of Canadian farmers.

The legislation includes practically everything which the Canadian Federation of Agriculture proposed with one principal exception—and it is on this exception that I would solicit your giving consideraton to amendng this bill before it obtains third reading.

I refer to the granting of supervised credit only to farmers up to the age of 45—

As I say, this seems to be a general misapprehension, that supervision was only for people who took loans under part III. That is not the case, and I want to take this opportunity of making it clear that any farmer who secures a loan can obtain supervision.

Clause agreed to.

Clause 19 agreed to.

On clause 20—*Loans to farmers.*

(Translation):

Mr. Racine: Mr. Chairman, this clause of the bill reads as follows:

The corporation may make a loan to a farmer on the security of a first mortgage on farm lands and such additional security as the Corporation may require.

Now it appears that in some cases, a farmer who borrows from the new corporation will have to give all his real property and chattels as security for the loan, and with all his assets thus tied up as security for the corporation, he will be unable to secure an additional loan. It follows that under certain circumstances, where a farmer needs a further loan, for instance if he sustains damage through an act of God such as a flood, etc., he will be unable to do so.

If I remember correctly, the Canadian Federation of Agriculture, in its brief to the government, had suggested a practical credit system for the granting of government loans in certain special cases. I believe it would be important to consider, as a complement to this act, a policy of providing credit to farmers faced with emergency situations resulting from damage caused by an act of God.

I therefore wish to move the following amendment:

(Text):

That section 20 be amended by adding the following: "Provided that, notwithstanding any provisions contained in this act or in any other act, the corporation may, in special cases, make loans on first or second mortgage to farmers, when a group is affected, in a specified devastated district, wherein their real or personal property has been damaged as a result of natural causes or acts of God, such as inundations, tornadoes and hailstorms. Such loans may be granted after investigation by an authorized official of the corporation who, after assessing the damage, shall establish the amount of the loan, the period of reimbursement of such loan which shall extend over a period of three to ten years, due consideration being given to the amount of the loan and the rate of interest, which shall cover administration costs only."

(Translation):

If I remember correctly, this is along the lines of the recommendation made by the Canadian Federation of Agriculture in its brief to the government.

(Text):

Mr. Harkness: I think that what the hon. member is doing here is attempting to introduce some very modified form of crop insurance into a farm loan act. We have already passed a crop insurance act in the past week and I do not think we should attempt to write a crop insurance feature into a farm loan act. The chief purpose of this bill as I have indicated on several previous occasions is to enable farmers to farm economic farm units, not to protect them against hail storms and things of that nature. That is the proper function of insurance. I do not think we should try to mix up insurance with a long term farm credit measure.

(Translation):

Mr. Boulanger: Mr. Chairman, by the remarks of the Minister of Agriculture (Mr. Harkness), I can see that he has not read the recommendations of the Canadian Federation of Agriculture. In fact, in its brief, under the heading "Farm Credit", that organization recommended the establishment of a special credit in case of emergency or disaster. Here is what it said:

(Text):

A system of emergency or disaster credit, wherein, on the recommendation of local and provincial authorities, funds could be made available at no interest to persons struck by natural disaster of the kind which, occurring on a large scale, often results in massive public and government relief, but on a small scale often finds no sympathetic public response.

(Translation):

Mr. Chairman, on many occasions and more particularly, last year, at the time of

the proposed amendment to the Prairie Farm Assistance Act, I mentioned that, in the eastern part of the country, and in the province of Quebec, we could not qualify under the act. I also gave instances proving that those who incur damages, on account of flood or hail in that part of the country, could not get any government assistance, while in other areas of Canada farmers were covered by special legislation.

It is as a result of the recommendations of the Canadian Federation of Agriculture that my colleague, the hon. member for Beauce (Mr. Racine) introduced his amendment which we fully endorse.

Mr. Roberge: Mr. Chairman, the minister mentioned in his remarks, that this amendment mainly deals with crop insurance.

I know quite well that in some parts of the country, for instance in Beauce county, no insurance company will insure farmers against flood risks. That is the reason for the amendment introduced by the hon. member for Beauce.

I also know that the area I represent was flooded recently by a river that does not too often go on a rampage. A good many farmers in the parish of Ste. Sophie de Megantic suffered losses in a recent flood; it is quite likely that they did not have the required insurance coverage, and it is also likely that they will not be eligible for insurance under this act.

I therefore feel, Mr. Chairman, if the minister is unwilling to accept the amendment suggested by my colleague from Beauce he should at least consider the matter.

(Text):

The Chairman: I know that the hon. member for Assiniboia wishes to comment on this amendment and before ruling on the matter I am prepared to listen to his comments.

Mr. Argue: Thank you, Mr. Chairman. I just wish to express general support for the principle behind the amendment. As the minister has indicated, this legislation goes a long way toward meeting the recommendations farm organizations have made. However, I am sure he is aware of the policy statement on farm credit of the Canadian Federation of Agriculture dated January 1956. In that statement they set forth the very type of amendment that has been presented to this committee.

If it were passed the amendment would give the board general power to make loans in situations where disaster had struck on a local basis. I would point out to the committee that even the passage of this amendment would not assure farmers who experienced such disasters that loans would be made. All that would take place if the amendment were passed would be that authority would rest with the board to consider applications.

I do not know if the minister would care to comment on the question I am about to put. Without this amendment and in the face of a disaster, could the farm loan board not provide mortgage money? I would think that if a farmer were in good financial shape otherwise, and a flood came along and destroyed all his dairy cattle, even without the amendment his application would be given consideration. All I am saying is that an amendment of this kind would not necessarily provide the mortgages that are sought nor would the refusal of the government to accept the amendment prevent money being provided to a farmer in the event a disaster took place.

Mr. Harkness: I believe what the hon. member for Assiniboia has said is correct. A farmer who has sufficient equity in land, livestock and chattels could secure a loan following a flood in order to re-equip himself just as anyone else could secure one. If he did not have an equity—in other words if the flood destroyed all his equity, livestock, chattels and so on—he would not be able to secure a loan under the other provisions of the legislation in any event because it is provided there that you cannot make a loan for more than 75 per cent of the appraised value of the land and chattels.

I do not believe this amendment would really accomplish anything and it would have a bad effect in giving unjustified hope to many people that they could secure a loan when in effect they could not obtain one.

Mr. Herridge: Mr. Chairman—

The Chairman: I regret to interrupt the hon. member but—

Mr. Chevrier: Mr. Chairman, if you are going to rule on the validity of this, I should like to speak to it.

The Chairman: I will then give the floor to the hon. member for Kootenay West.

Mr. Herridge: Mr. Chairman, I thank you for recognizing a junior member of the committee in preference to a veteran member like the hon. member for Laurier. We are supporting this amendment because we believe in the principle of disaster insurance. If the amendment is voted down I would suggest to the government that there is a place for national disaster insurance in this

country in co-operation with the provinces which would cover not only agricultural disasters but the disasters suffered by other sections of the community.

We have had disaster funds and generally speaking the experience has not been too satisfactory. If the minister sees fit to reject this amendment we urge the government to give consideration to the necessity for a national disaster fund or act that could be drafted, operated and administrated in co-operation with the provinces to meet disasters affecting not only agriculturists but other segments of the community.

Mr. Chevrier: Mr. Chairman, my purpose in rising is not to deal with the merits of the amendment because I think they were dealt with amply by the two hon. members who have spoken. I have risen because when Your Honour rose earlier I took it for granted that you were going to deal with whether or not the amendment was in order. If I am wrong about that, perhaps Your Honour might so indicate and I will resume my seat. But if I am not wrong then I should like to deal with the amendment from the point of view of whether or not it is in order.

The point I wish to make is that the amendment does not provide for an extra charge on the crown because clause 20 reads as follows:

> The corporation may make a loan to a farmer on the security of a first mortgage on farm lands and such additional security as the corporation may require.

What the amendment seeks to do is to spell out in another form and in another manner what is already in clause 20 of the bill, and for that reason I am not going to deal with the merits and the necessity of the content of the amendment. What I am maintaining now is that the amendment does not provide for an extra charge upon the crown. All it does is to change the distribution of the sums of money and the loans which can be made to a farmer. It only specifies and defines at greater length what I think is the subject matter of the clause. For that reason, sir, I would hope that you would find it in order.

(Translation):

Mr. Racine: In his remarks on the amendment, the minister referred, among other things, to crop insurance. The major point, in that amendment, is the matter of the second mortgage. Besides, if the house and outbuildings of a farmer were damaged, I cannot see how crop insurance would do the farmer any good.

On the other hand, the hon. member for Assiniboia (Mr. Argue) said that a farmer has only to make a request. If the farmer has suffered damage from hail, tornadoes, etc., and if he has already obtained a farm loan under this legislation, and if his repayment terms are not reduced by a certain amount, the corporation probably will not be able to lend him money, on the grounds that he would already have obtained the 75 per cent provided for in the act.

I believe that, under the circumstances, the most important thing in that amendment is the question of a second mortgage that could be made available to the farmer.

(Text):

The Chairman: It seems to me that the amendment goes beyond the scope of the explanatory note of the present bill. Furthermore I do not believe that the amendment means too much, because, as the minister rightly explained, it is not simply because a farmer has suffered damages due to natural causes that he has lost all his power to borrow. If, however, the question of a second mortgage enters into the picture, then a second mortgage probably means additional expenditure going beyond the scope of the present bill. If the amendment does not actually means added expenditure and if, as explained by the minister, the farmer has not necessarily lost his power to borrow because he has suffered damage, then the amendment really is meaningless. However, it is rather difficult for the Chair to rule at this stage that the amendment is out of order. If the committee is ready for the question I will be pleased to put the question.

Amendment (Mr. Racine) negatived: Yeas, 19; nays, 69.

Clause agreed to.

On clause 21—*Amount of loan.*

Mr. Peters: I should like to ask whether the minister has given any consideration to changing the method of making valuations of land. Most of the emphasis is put on land and therefore it is quite important that an over-all amount of money is not specified per acre for a particular area because of the variance from the real cost or real selling value of the land. I have had many complaints of valuations being made of only $25 a cleared acre and it has cost the farmers more than $25 just for the clearing of the land. In most cases it costs upwards of $50.

Therefore the farmers in my area at least feel that the valuations have not taken into consideration the real value of the land. They believe that this has been unfair and has tended to reduce the amount of money they can borrow on the land. I would think that there must be a fair relationship between the selling value of a farm and its appraised value, and quite often they have been

nowhere near the same amount. When the minister is setting up the new board I should like him to see to it that the board gives consideration to being more lenient and taking into account the actual sale value of the farm. I can give an example of a farm that was for sale at a price of $17,000. The valuation of the board was $10,000. The farm was sold a year later for $20,000. The person who applied for the loan had no opportunity to buy it at all because of the valuation. It meant that he was only going to get $7,000 to buy a farm that was going to cost him $17,000.

Mr. Harkness: Once more, if the hon. member had studied the bill he would know this is provided for. Paragraph (a) of clause 19 (1) provides that the corporation may make regulations for:

(a) establishing the basis and method of determining the appraised value of property for the purposes of this act, but the appraised value shall be based only on the value of the land for agricultural purposes and as far as possible on the productive value as shown by experience.

In other words, the appraisal will be made on the productive value of the farm for agricultural purposes. This clause was framed that way specifically so that land which is close to a city and has a value some years in the future, or perhaps immediately, for subdivision purposes or things along that line, will not be appraised on its value for building lots but on its value for producing agricultural products.

Mr. Peters: The minister should know that I have read that clause of the bill, and although I made one mistake earlier, in this particular case I think there is some difference of opinion between the purchase price and the productive value. The productive value depends entirely, in my opinion, on the use to which the farm is put. If a farm has not been in production for a number of years it will be very difficult for an outside appraiser to come in and say the farm is worth a certain amount. The selling price of that farm may be determined by other factors, some of which the minister has mentioned. I am quite pleased he is familiar with this problem. All I ask is that he give some instructions to some of the people who are doing this work because, in my particular area, the valuations by the Canadian farm loan board have been very low.

Clause agreed to.

The Chairman: I believe it is the pleasure of the house that we continue?

Some hon. Members: Agreed.

Clause 22 agreed to.

On clause 23—*Supervised loans.*

Mr. Roberge: I have some remarks to make with reference to this clause, as I did earlier this afternoon. I was very pleased that during the recess the minister considered the remarks I made. I am not fully satisfied with what he said shortly after eight o'clock on clause one of the bill. I am also pleased to know that the minister knows about the eastern townships. I may say that I come from that part of the country. I know there are some fine farms in that section, but that is not the situation all over Canada and it is certainly not the situation all over Quebec.

Having said that, I want to return to the subject I discussed earlier today. This clause 23 refers to supervised loans and to mortgages on farm lands and chattels. In my estimation the wording of the clause has the effect of joining the land and the chattels on the first mortgage. Now, as I said earlier, that is not possible in the province of Quebec under the civil code that is in force in that province. I know that earlier clauses of the bill provide that the corporation will have the power to prepare drafts of contracts to submit to the prospective borrower.

I repeat that I believe that in the province of Quebec, in order to make a loan on both farm land and on chattels it would be necessary to have two separate deeds, one deed for the land and another deed possibly for the cattle and farm equipment. The bill would be much clearer if we could separate these two things. I drew this amendment, and I put it forward now because I have another amendment to another section. I would move:

That section 23 be amended by deleting in line 3 thereof the words "on farm lands and chattels" and by substituting therefor the following words: "on either farm lands or chattels or on both".

I feel that this amendment does not endanger at all the interpretation of the bill but it does give more opportunity, in my opinion, to farmers in Quebec to take part in the scheme for supervised loans. I hope the minister will agree with this proposed amendment to clarify that clause.

Mr. Harkness: I do not believe there is any necessity for this, and actually the legal officers of the crown spent a great deal of time studying the best way in which to draft this clause in order to make it possible to make loans throughout Canada. So far as the province of Quebec is concerned, and this would apply in practically all the provinces, there would be two documents. There would be a mortgage on the land and there would be some document covering the chattels, which would be taken separately. As I say, the law officers of the crown, after a

good deal of study of this matter came up with this clause as it is, and I think I am bound to follow their advice in a legal matter of this kind rather than that of the hon. member.

Mr. Roberge: I would ask the minister if he would consider at this time allowing the clause to stand until we reach clause 26 and he hears what I have to say on clause 26.

Mr. Harkness: I am quite willing to stand it until we get to clause 26, Mr. Chairman.

Mr. Herridge: I have a question to ask the minister in respect of the supervised farm loans. Will the same reports and the same procedure be used in administrating supervised farm loans under this act as those used under the Veterans Land Act?

Mr. Harkness: I think essentially the same; as I say, the Veterans Land Act administration is going to do the supervision. We will pay them a small fee for this, whatever they calculate it should be and that is provided for later. I would presume they would carry on this work in almost exactly the same way as they have been carrying on their ordinary work under the Veterans Land Act.

Clause stands.

On clause 24—*Conditions under which loans may be made.*

Mr. Racine: There is mention made in this clause of the fact the borrower has to have at least five years experience in farming. Would the son of a farmer, who has been living on a farm with his family, be considered under this act as having at least five years experience?

Mr. Harkness: Yes, Mr. Chairman. The idea is that a young man who has had five years experience in farming would be qualified under this clause. This would make it impossible for a man who was living in the city, for example, to say, "I want to borrow $20,000 to buy this piece of land". In other words, it makes experience on the farm a requisite to securing a loan.

Clause agreed to.

Clause 25 agreed to.

On clause 26—*Provisions applicable to loans.*

Mr. Roberge: The amendment I have devised to clause 26 is in three parts. The first two parts are very much related to the amendment I presented to clause 23. I should like to say a few more words on paragraph (c) of clause 26. This paragraph reads as follows:

(c) the portion of the loan based on the appraised value of the land shall be repayable within a period not exceeding thirty years and the remainder of the loan shall be repayable within a period not exceeding ten years;

Before I go any further I should like to ask the minister a question which I should like him to answer now. Is the ten years mentioned in the last part of the subparagraph in addition to the thirty years mentioned in the first part of the paragraph?

Mr. Harkness: No, Mr. Chairman. You may have a case such as this. Suppose a man gets a loan for, say, $25,000. Of that amount $15,000 would be based on the appraised value of the land. The other $10,000 would be on the appraised value of the livestock, chattels and so forth. The amount on the appraised value of the livestock, and chattels would have to be paid off in 10 years and the amortization of the loan would be drawn with that idea in mind, namely the payment of so much a year to amortize it in ten years, whereas the other part of the loan based on the land would be amortized over 30 years.

Mr. Roberge: As I understand it, the maximum period on the livestock and chattels is 10 years. It seems to me, as I said earlier, that the amount to be repaid in the first 10 years will be a little bit too much for the farmer to handle if he is obliged to repay that amount at the same time as he is repaying on the land; that is, for the first 10 years. It is with that idea in mind that I have prepared and now wish to move an amendment which reads as follows:

That section 26 be amended in the following manner:

(a) By deleting in line 24 thereof the words "on farm lands and chattels of the borrower" and by substituting therefor the following words:

"on either farm lands or chattels of the borrower or on both";

(b) By deleting in lines 30 and 31 thereof the words "of the farm lands and chattels" and by substituting therefor the following words:

"of either the farm lands or chattels or of both"; and

(c) By deleting in line 37 thereof the semicolon and the word "and" and by adding the following:

"provided that the former portion may not be made repayable before the date on which the latter portion is to be completely reimbursed".

The effect of this proposed amendment, especially the last part of it, is that the borrower will have to reimburse a portion of the mortgage loan in the first part of the period of the loan and the rest of the money borrowed in the last part of the period of the loan.

Mr. Harkness: Mr. Chairman, I think that most of these matters could more appropriately be covered by regulations made under the act than by being written into the legislation. The main point which the hon.

member raised was that payments would be too high during the first ten years. The amortization which would be provided for on a package deal of this kind would be such that the amount paid in would pay off the portion of the loan which was on the livestock and chattels during the first ten years and during that period the amortization payments on the land would really be very small. Therefore the difficulty of which the hon. member is afraid or which he has envisaged will not arise, in my opinion.

Mr. Herridge: May I say that we in this group are not quite certain of the legal necessity for this amendment. However, in order to indicate our desire to make certain that our fellow citizens in Quebec suffer no handicap under this legislation, we are going to support it.

(Translation):

Mr. Boulanger: Mr. Chairman, together with the hon. member for Megantic (Mr. Roberge), who is a lawyer of note in the eastern townships, I carefully studied this legislation, and as we see it, it is impossible for a farmer of the province of Quebec to combine payments on a "vente à réméré" and on ordinary mortgage.

I do not know what farm experts think, especially experts in farm credit. We are privileged to have among us one such, and I mean the Minister of Mines and Technical Surveys (Mr. Comtois). I would therefore like to hear his opinion about the amendment introduced by the hon. member for Megantic.

(Text):

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Roberge) negatived: yeas, 20; nays, 62.

Clause stands.

The Chairman: As the amendment to clause 23 is rather similar to the amendment to clause 26, is it the pleasure of the committee to revert to clause 23?

Some hon. Members: Agreed.

On section 23—*Supervised loans.*

Mr. Roberge: I think the amendment was put previously. Since the amendment to clause 26 was defeated, there is now no reason whatsoever to vote on the amendment to clause 23. That would be a waste of the time of the committee. I therefore withdraw the amendment to clause 23.

The Chairman: Is it the pleasure of the committee to allow the amendment to be withdrawn?

Some hon. Members: Agreed.

Amendment withdrawn.

Clause agreed to.

On clause 26—*Provisions applicable to loans.*

Mr. Boulanger: Will the interest of 5 per cent include the cost of insurance on the life of the borrower under part III of the bill?

Mr. Harkness: No.

Mr. Boulanger: What will be the interest for the insurance?

Mr. Harkness: The interest, Mr. Chairman, is provided in clause 16 at 5 per cent. The cost of the insurance will be in addition to that. I think we will probably have a group insurance policy which will mean quite a low premium rate.

Mr. Martin (Timmins): That would mean that in addition to the basic 5 per cent rate there would be three additional charges; one for insurance, one for the appraisal fee, and one for the supervising fee?

Mr. Harkness: That is right. I should like to point out, however, that the appraisal fee is limited to a maximum of $100, and that would come only once, of course. We anticipate that the charge made by the Veterans Land Act for their supervision will be very modest.

Mr. Martin (Timmins): This supervising fee would be a fee to the officials of the Veterans Land Act administration?

Mr. Harkness: Yes.

Clause agreed to.

Clauses 27 to 30 inclusive agreed to.

On clause 31—*Repeal.*

Mr. Herridge: Before clause 31, the repeal of the Canadian Farm Loan Act, carries, Mr. Chairman, I would like to say that a good number of people are interested in this legislation. They have been waiting for it for some months and will want to take advantage of it at the first opportunity. Would the corporation give consideration to the publication of a small booklet which would give the information required to anyone who wishes to take advantage of this legislation? It is not quite sufficient just to send a copy of the act to people; a pamphlet with some explanation would be much better for them to understand.

Mr. Harkness: I think that is a very good suggestion and we shall certainly give consideration to it. It is something, I think, which could be done without perhaps too

much expense, and when the arrangements for the transition from the farm loan act to this new act are ready to go into effect I think we could have something ready to distribute at that time.

Clause agreed to.

On clause 32—*Commencement.*

Mr. Boulanger: What date will this law come into force?

Mr. Harkness: As I think the hon. member for Essex East could tell his colleague, this is a thing which is pretty difficult to predict with accuracy. We have, of course, not only to complete it here but the other place has to consider it as well. Then how long it will take before all the administrative arrangements can be made to have the organization of the farm loan board passed over to the new corporation, I do not know. We expect to do it within a relatively short space of time, but it is bound to take some time.

Clause agreed to.

Title agreed to.

Bill as amended agreed to.

Bill reported, read the third time and passed.

Mr. Harkness: Mr. Speaker, I should like to thank all hon. members for sitting overtime and for their co-operation in getting this bill through.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I ask the house leader if he would be good enough to indicate what the business will be from now to the end of the session?

Mr. Green: Mr. Speaker, we have made very good progress today, thanks to the co-operation of the two opposition parties. Tomorrow the Minister of Citizenship and Immigration has to leave in the afternoon, so we will commence with item No. 4 on today's order paper, an agreement between the federal government and the government of New Brunswick concerning Indian reserves. Then we will take item No. 7, a similar agreement with Nova Scotia; then item No. 10, concerning the convention on the nationality of married women. Then we will take item No. 12, the international wheat agreement; item No. 13, second reading of the Newfoundland grants act; item No. 2, the Senate amendments to the Income Tax Act, on which I think concurrence will be moved. Then we will take item No. 9, the act to provide for the humane slaughter of food animals.

The intention for Wednesday is to take up estimates, commencing with the Department of Trade and Commerce. Then we will take those of mines and technical surveys, fisheries and post office. We have a tentative agreement between the parties to sit from 2.00 to 2.30 on Wednesday and so long thereafter as we continue estimates, and an extra hour from 7.00 to 8.00 in the evening. I would hope that we could start next Wednesday evening, so we will then sit the whole of Wednesday evening and also take the extra hour from 7.00 to 8.00 on Thursday, Friday, and also sit on Saturday evening if necessary.

On Thursday the item No. 3 on today's order paper, the Senate amendments to the Royal Canadian Mounted Police Act, will be taken; then item No. 8, concerning the Combines Investigation Act. Then we will take the estimates of the Department of Northern Affairs and National Resources and of the Secretary of State. On Friday we will take the estimates of the Privy Council, the C.B.C., national revenue, legislation and health and welfare, and on Saturday the estimates of finance.

Mr. Winch: Which Saturday will that be?

Mr. Green: Saturday, July 18.

Mr. Martin (Essex East): The minister did not tell us when the legislation with regard to the deficiency payments on wheat would be brought up.

It being 31 minutes past ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

LAND LEASE, ST. JEAN D'IBERVILLE

Question No. 519—**Mr. Dupuis:**

Question

1. Has the Minister of Transport, his executive assistant, his deputy minister or any other officer of his department, received a delegation from St. Jean d'Iberville on or about June 23, 1959, concerning the lease of a parcel of federal land south of the central Vermont bridge?

2. If so, what are the names of the members of such delegation, what requests did they make, and what action has been taken by the department with respect to the said request?

Answer by: **Hon. George H. Hees (Minister of Transport):**

1. No.
2. Answered by part 1.

HOUSE OF COMMONS

Tuesday, July 14, 1959

The house met at 11 a.m.

INDIAN AFFAIRS

Second report of joint committee on Indian Affairs.—Mr. Dorion.

NATIONAL DEFENCE

INTEGRATED COMMUNICATIONS SYSTEM—EXCHANGE OF NOTES BETWEEN U.S. AND CANADA

Hon. G. R. Pearkes (Minister of National Defence): Mr. Speaker, I desire to table in English and in French copies of the exchange of notes between the government of Canada and the government of the United States of America governing the establishment of the integrated communications system to support the ballistic missile early warning system.

The house will recall that I referred to this system in the report on defence issued last April. I made further reference to it on July 2 when introducing the estimates of my department, and again on July 4 in answer to a question from the Leader of the Opposition. As I explained then, to enable the detection and early warning of intercontinental ballistic missiles the United States is establishing detection units in northern regions external to Canada. These units will report directly to NORAD headquarters in order to allow defence measures to be initiated as quickly as possible.

The most direct and economic routes for the communication links between these detection units and NORAD headquarters traverse Canada. In keeping with our joint efforts with the United States for the air defence of the North American continent, the Canadian government is co-operating in facilitating the establishment of the necessary communication links across Canadian territory.

In the main the facilities will be provided by existing Canadian commercial companies and leased to the United States. In those areas where facilities do not now exist they will be constructed, with the work being done by Canadian companies. On completion they will be leased to the United States authorities. This work will be undertaken under mutually agreed arrangements between the United States and Canadian authorities.

Mr. Speaker: Has the minister leave to table the documents in question?

Some hon. Members: Agreed.

TRADE

URANIUM—REPORTED U.S. INTENTION TO REDUCE CANADIAN IMPORTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to address a question to the Minister of Trade and Commerce arising out of a press report of this morning. It deals with a matter of great importance and one which I have more than once brought to the attention of the minister. The report is from Washington, and is to the effect that the United States is about to make a big slash in imports of uranium, especially from Canada, after 1962. It is attributed to officials of the atomic energy commission and state department sources. Will the minister comment on this matter, especially in view of the anxiety that reports of this kind must arouse?

Hon. Gordon Churchill (Minister of Trade and Commerce): This matter has been up for discussion previously in the house. It hinges on the world supply of uranium. Naturally it is a matter of anxiety to Canadians, certainly in so far as uranium supplies may be concerned after 1962. The matter is under consideration, and we have had discussions with the authorities in the United States, but they have indicated that there is some uncertainty with regard to their requirements after 1962. They have much more abundant supplies of uranium now than was the case just a few years ago.

However, I do not think there is cause for alarm over this matter at the present time. This is the type of press report which will certainly arouse interest in areas where uranium is being produced, but we have time to work out a plan between Canada and the United States which may result in a satisfactory solution to what is a very difficult problem. However, basically we have to recognize that whereas a few years ago uranium was in short supply throughout the world, it is now not in short supply; hence the type of article to which my hon. friend refers.

Mr. Pearson: Mr. Speaker, may I ask a supplementary question. Does the minister

not agree that while uranium may not be in short supply now, it is likely to be so in years to come, and therefore it is important to maintain this industry at its present level until that time arrives?

Mr. Churchill: Quite right, Mr. Speaker. The forecasts I have been reading, produced by very competent scientists, indicate that the long term view shows that there will be a reasonably good demand for uranium. In fact some of those people estimate that by 1966, certainly by 1970, world demand will certainly equate with world supply. The difficult period lies between about 1962 and 1966. However, we are making a study of the situation. I have had reports from various sources with regard to this matter. Some are optimistic, one or two are a bit pessimistic, but generally the feeling is that as the peaceful uses of atomic energy are developed—and they are being developed rather widely now throughout the world—the demand for uranium will be sufficiently strong in the latter part of the 1960's that our uranium industry may be sustained.

NORTHLAND NAVIGATION COMPANY

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, might I be permitted to direct a question to the Minister of Labour. I would like to ask the minister what report he can give the house about the progress, or lack of it, that Mr. Currie has made in his attempts to mediate in the dispute between Northland Navigation and the unions in Vancouver, in order to get services restored.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, my report is that a meeting of the interested parties was called by the labour representative yesterday. That meeting was held, some progress was made, and other meetings are being held today and on ensuing days.

SHIPPING

BRITISH COLUMBIA—PROVISION OF SERVICE TO UP-COAST COMMUNITIES

On the orders of the day:

Hon. Paul Martin (Essex East): May I ask a supplementary question of the Minister of Transport on this same matter. Is he in a position to give us a report as to arrangements for the provision of supplies?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker, considerable progress has been made. I discussed this matter in detail yesterday with the chairman of the maritime commission and the two members of parliament for the areas concerned. They have been kept advised as to what is being done, and everything possible is being done to make vital supplies available to these isolated communities. That matter is being looked after, and I feel that satisfactory progress is being made.

Mr. Martin (Essex East): The minister has said that progress is being made, and I am sure the house will be very pleased to know that. But what progress is being made? Are supplies now being made available to these people?

Mr. Hees: Arrangements have been made with one shipping company to supply one area, and negotiations are going on for the supplying of another area. As I say, I have kept the members of parliament for the two areas concerned advised of exactly what is going on, and I am interested to note the great interest taken by the hon. member for Essex East in this matter.

Mr. Martin (Essex East): I do not think I would have had a further supplementary question but for the last observation of the hon. gentleman. He says he has kept the two members of parliament advised, and I think that is quite right; but would he mind, from now on, keeping all members of parliament advised on a matter so vitally important to the people of that area?

LABOUR CONDITIONS

REQUEST FOR STATEMENT ON WINTER WORKS PROJECTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I wish to direct a question to the Minister of Labour. Can the minister say whether the government has yet decided to continue the winter works program for this coming winter? When will the minister be able to make an announcement in this regard?

Hon. Michael Starr (Minister of Labour): Because of the fact that unemployment figures are still decreasing appreciably, it is impossible to assess now what the situation may be this coming winter. We hope the situation will be such that it will not be necessary to have this program repeated. However, I want to assure the house that we are watching the situation very closely, and if it should be necessary, consideration will be given to putting a plan into effect.

Mr. Argue: Does the minister not feel that such a program is necessary in order to take care of ordinary seasonal unemployment and should not be hinged on widespread or extraordinary unemployment such as we have experienced recently?

Mr. Starr: This plan was inaugurated by the government for the first time in the history of this country, in participation with the provincial and municipal governments, in order to alleviate an abnormal situation. It was instituted for that purpose only. Whenever further consideration has to be given to this problem because of circumstances which may arise, this government will always look sympathetically on the matter.

Mr. Argue: I wonder if the Minister of Labour could tell the house whether any studies are going on as to what action might be taken to alleviate ordinary winter or seasonal unemployment.

Mr. Starr: That aspect is being studied continuously in the Department of Labour and by various committees connected with the department.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO APPOINTMENT OF CHAIRMAN OF BOARD OF DIRECTORS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I wish to address a question to the minister responsible for the Canadian Broadcasting Corporation. Has his attention been drawn to a news story in the morning press that a chairman of the board of directors, who would not be president of the corporation, is to be appointed? Has the government given consideration to this matter, as well as to the legality of such an appointment?

Hon. George C. Nowlan (Minister of National Revenue): My attention has been drawn to the article in question. Somebody spoke to me about it, but I have not had a chance to read the article. I am not in a position to comment on it, and the government has taken no action in that regard.

DURELLE-MOORE FIGHT—NEGOTIATIONS FOR TELECAST

On the orders of the day:

Mr. W. L. M. Creaghan (Westmorland): I wish to direct a question to the Minister of National Revenue. Would the minister advise the house if the C.B.C. will be carrying a live telecast of the Yvon Durelle-Archie Moore light heavyweight title fight on July 29? If not, are the responsible parties still negotiating?

Hon. George C. Nowlan (Minister of National Revenue): The hon. member was good enough to send me notice of his question this morning, and I have received some information from the C.B.C. which I will give to the house.

Inquiries of the Ministry

The original fight between Archie Moore and Yvon Durelle, fought in Montreal on December 10, was covered by the C.B.C., and the corporation paid $20,000 for the rights to that fight in Canada. Negotiations opened for the July 15 fight, later postponed to July 29, with Mr. Quinn, the promoter, asking $50,000 with a blackout of the telecast in Quebec city, Sherbrooke, Montreal, Cornwall, Kingston and Ottawa. This was the same blackout requirement as for the first fight. Early in April the Canadian Broadcasting Corporation made an offer to Mr. Quinn of $40,000 for the full rights but with a proposal to blackout only Montreal and Sherbrooke. Mr. Quinn has countered with a proposal of $50,000 with no blackout restrictions but with a guarantee by the corporation to pay for all empty seats in the Montreal Forum on the night of the fight. The corporation has rejected this offer.

The corporation has now made a final offer of $50,000 for full Canadian rights without any blackout restrictions. It was noted in the press that Mr. Quinn will reject this offer. The corporation has received no official answer.

Mr. Pearson: Mr. Speaker, does the minister consider that the statement he has just given is clandestine political interference in the affairs of the C.B.C.?

Mr. Nowlan: Mr. Speaker, I am sure that if the blackout applied to Ottawa some would think there had been clandestine interference.

CANADIAN NATIONAL STEAMSHIPS

STATEMENT AS TO PAYMENTS ON SALE OF VESSELS TO CUBA

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Kootenay West asked if I could give information as to payments received to date in respect of the sale of the Canadian National (West Indies) steamship fleet.

The amount received to date by the vendor is $560,000, which represents the payment under the terms of the sale agreement of 20 per cent of the purchase price of $2,800,000. The remainder is payable in five equal yearly payments with interest at 5 per cent per annum. The sale having taken place in August, 1958, there will be an instalment due next month. As the hon. member is aware, the payments are secured by letter of credit issued by the Banco Cubano del Comercio Exterior, and confirmed by the Bank of America International.

Inquiries of the Ministry

(Translation):

ST. LAWRENCE SEAWAY

CONTRIBUTIONS TO DEVELOPMENT MADE BY MESSRS. BENNETT AND HOOVER

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, may I direct a question to the Minister of Transport?

At the opening of the St. Lawrence seaway, the names of one Mr. Bennett and one Mr. Hoover were mentioned as having contributed to the materialization of that project. Is the minister able to tell us in what respect those two men participated in the project, unless it was as a Conservative and as a Republican?

(Text):

Mr. Speaker: Order. I suggest that this question, relating to events of the past, might very well be put on the order paper.

OLD WELLAND CANAL—INQUIRY AS TO CLEAN-UP AND RESTORATION

On the orders of the day:

Mr. W. H. McMillan (Welland): Mr. Speaker, I should like to direct a question to the Minister of Transport. Would the minister keep the local members concerned advised on the progress in the clean-up of the old Welland ship canal? Conditions are particularly bad in that area, and there is certainly no evidence of any activity whatever.

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. I am not aware of the exact condition of that clean-up operation at the moment, but I shall be very glad to inquire and report to the hon. member within the next day or so.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—INQUIRY AS TO FINAL REPORT

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I wish to direct a question to the Prime Minister. Could the Prime Minister tell us whether or not the government has received the final report of the Borden commission on the marketing of oil; and if not, when that report is likely to be received?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to the first question is no. With respect to the second question, the commission is operating in the usual way and when the report is ready it will be presented to the house.

Mr. Argue: I wonder if the Prime Minister might make further inquiries in the light of a statement made by him in the house on May 5, to the effect that the report would be made available a few weeks after the end of that month.

BUSINESS OF THE HOUSE

REQUEST FOR ANSWERS TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Secretary of State. Inasmuch as we are approaching the end of the session, can he undertake to provide answers to a number of questions of mine which have appeared on the order paper since April 28?

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, as soon as I receive answers I will be glad to give them to the hon. member.

INDIAN AFFAIRS

LEGISLATION TO CONFIRM CANADA-NEW BRUNSWICK AGREEMENT RESPECTING RESERVES

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved the second reading of Bill No. S-6, to confirm an agreement between the government of Canada and the government of the province of New Brunswick respecting Indian reserves.

She said: Mr. Speaker, His Excellency the Governor General, having been made acquainted with the purpose of this bill, has given consent so far as Her Majesty's property rights are concerned, that the house may do therein as it shall think fit.

The purpose of this legislation is to ratify and confirm an agreement made on March 25, 1958 between the government of Canada and the government of the province of New Brunswick in relation to lands forming part of Indian reserves in the province of New Brunswick. The necessity for such an agreement arose from decisions of the judicial committee of the privy council of Great Britain in two cases involving the sale of portions of Indian reserves in Ontario and Quebec, by the federal government, following surrenders for sale given by the Indian bands for whom the reserves had been set apart.

Mr. Speaker: Order. I wonder whether the hon. member would allow me to interrupt to ask for better attention so the house may hear the statement being made.

Mrs. Fairclough: In both cases it was held that notwithstanding that Canada had exclusive jurisdiction over lands reserved for Indians, the radical title to the reserves was

in the province and therefore a valid agreement, after a surrender for sale by an Indian band, could only be made by the province.

The effect of these decisions was far reaching. In the first place, they rendered void the various grants of surrendered reserve lands which Canada had purportedly made between confederation and the date of the court decisions, the last of which was in 1921. They also placed a serious restriction on the Indians' right to use their reserve lands to the best possible advantage, for in effect they stated that a surrender of Indian reserve lands, even when surrendered in trust for sale, operated to free the land from the burden of the Indian title for the benefit of the province without affording the Indians any right of compensation for the loss of their lands. Finally, they established in the province the right to recover from Canada all moneys which Canada had received from the sale of surrendered reserve land, despite the fact that such moneys may have been expended on behalf of the Indians.

The agreement in question is intended to settle the problems arising out of the court decisions. The effect of this ratification and confirmation by parliament and the legislature of the province of New Brunswick will be to validate the effective land grants made by Canada, permit Canada to retain for the benefit of the Indians all moneys received from former sales of surrendered reserve lands, and enable Canada, which is responsible for the administration of Indian affairs, to effectively deal with reserve lands in the province of New Brunswick which may be surrendered for sale in the future.

The agreement was ratified by the legislature of the province of New Brunswick by an act which received royal assent on April 18, 1958. This act is chapter 4 of the statutes of New Brunswick, 1958.

Mr. Speaker: Is the house ready for the question?

Mr. G. R. McWilliam (Northumberland-Miramichi): Mr. Speaker, I wish to thank the minister for her statement. In view of the concentrated effort to wind up the session and also the fact that the minister is scheduled to leave very shortly I shall make only a few remarks. I may first state that the official opposition supports the passage of this bill. This is Bill No. S-6, to confirm an agreement between the government of Canada and the government of the province of New Brunswick. The purpose of this bill is, as the minister said, to ratify and confirm this agreement which was made on March 25, 1958. This agreement was ratified by New Brunswick on April 18, 1958. This bill was introduced in the other place and given first reading on January 29. It received second reading on February 5 and third reading on February 12.

It is not my intention to go into the background of the events leading up to this agreement. From time to time lands were surrendered, and the position taken down through the years was that the surrendered lands belonged to the crown in the right of the Dominion of Canada. Certain cases were appealed to the privy council, and it was held that these lands were the property of the crown in the right of the province. This means that it was necessary to take action to validate the defective grants, and negotiations between the two levels of government have been going on for some 10 years and have now ended in mutual agreement. The agreement covered by this bill will enable the dominion government, which is responsible for the administration of Indian affairs, to deal in future in a proper and legal way with surrendered lands offered for sale.

The constituency of Northumberland-Miramichi is involved in that eight parcels of Indian lands are involved, namely Indian Point, Eel Ground, Red Bank, two parcels of the Big Hole tract, Tabusintac, Renous and Burnt Church, out of a total of 18 in the province which are covered in this bill. As the federal member for Northumberland-Miramichi I have had representations made to me from time to time by Indians and others in connection with claims to ownership of surrendered lands. Doubts have been expressed as to legal ownership, and dissatisfaction arose in a number of cases which were, in the main, resolved and titles accepted, even if not legal in the strictest interpretation.

The official opposition supports the passage of this agreement and the bill based thereon, because it will clear up the matter of jurisdiction in the sale of surrendered lands, which I think will be a good thing to accomplish and will eliminate a lot of this friction which has existed down through the years.

In the schedule to the bill which spells out the memorandum of agreement between the government of Canada and the government of New Brunswick I read these words, in the fourth paragraph:

> —in order to settle all outstanding problems relating to Indian reserves in the province of New Brunswick,—

This, Mr. Speaker, in my opinion is away beyond the scope of this agreement. There are other outstanding problems in connection with Indian reserves in the province of New Brunswick in which the federal and provincial governments have a joint interest, which I will not enumerate at this time.

The main clause in the agreement states that it will settle all outstanding problems. Perhaps the minister can explain the purpose of these words. It may be that the province of New Brunswick should be asked to amend the wording of this clause, which can only apply to the problems concerning the lands forming part of the Indian reserves in the province, because certainly this bill will not settle all outstanding problems on Indian reserves by any means.

In conclusion, Mr. Speaker, I repeat that we support the passage of this bill which will eliminate the confusion about which I spoke, and will subsequently bring about better business relationships between parties interested in surrendered lands.

Mr. Frank Howard (Skeena): On behalf of the C.C.F. I want to make a few comments in support of the bill before us and to express appreciation to the minister and the government that the federal government and New Brunswick have been able to reach a satisfactory conclusion to this matter. We are particularly pleased with the reference in the bill to minerals, and to the fact that a band does not become extinct by reason of its enfranchisement. If a band should become enfranchised, they would still retain the land which has been set aside for them.

I should like to say to the minister that any time she and the province of British Columbia, and particularly the Indian bands in British Columbia, could reach some sort of agreement which will satisfy the claims of the Indians in British Columbia in so far as the British Columbia land question is concerned, we would be pleased to support that also.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Just before the minister replies, I may say that I have nothing to add to what the hon. member for Northumberland-Miramichi (Mr. McWilliam) said about the bill in general. However, there is a special situation in connection with one of the reserves at Big Cove in the county of Kent about which the hon. member for Kent (Mr. Michaud) asked me to say a word. It is a legal question, and is the result of litigation between someone who the court decided really owned the land and whose land was trespassed upon by the Indians on the reserve. This person got a judgment in 1958 against the Indians, but of course the judgment is really worthless because there can be no execution against the Indians. It did seem to me the minister might look into it and see whether, in real equity, the crown ought not to do something about it.

Mrs. Fairclough: Mr. Speaker—

[Mr. McWilliam.]

Mr. Speaker: I must inform the house that if the minister speaks now she will close the debate.

Mrs. Fairclough: I do not think there is much comment called for at this time. I should like to assure the hon. member for Bonavista-Twillingate that I shall be glad to look into the particular case he has cited.

With reference to the words which were protested by the hon. member for Northumberland-Miramichi, if I may use so strong a word, I think it must be considered that this agreement was drawn and passed first by the legislature of New Brunswick. I agree that probably the words he quoted, that is "to settle all outstanding problems", are a little broad. Nevertheless it was the true intention of the bill, as understood by both New Brunswick and Canada, that the agreement was to cover the outstanding problems in this particular field which were the main ones interesting the two governments at that time. These same words, I think, were copied from former agreements that were entered into between the provinces and the federal government, and have been used on several occasions, notably in 1912 and again in 1924. I am sure there is no real objection to their appearance in this bill.

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

Clause 1 agreed to.

On the schedule.

Mr. Howard: In so far as the schedule is concerned, I pose a question to the minister which arises from clause 6, subclause 4, paragraphs (a), (b) and (c), with respect to the appointment of an arbitration board to deal with differences which may arise. Paragraph (a) reads:

> Canada and New Brunswick shall each appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator—

I wonder what would take place if the two arbitrators so appointed were not able to agree on the third arbitrator. What steps would be taken to select him? I do not know whether this would ever be a possibility, but I know that in arbitration cases in other instances, dealing with other matters, it arises. There is usually provision for the selection of the third arbitrator when the two participating parties are not able to agree.

Mrs. Fairclough: I think that is such a hypothetical question that it raises the problem of giving an answer which might be taken as a ruling, but I would think the usual law would take over. Personally I am not concerned about this section. I do not think we will run into any difficulty.

Mr. Howard: I do not imagine you would either, but the question could be dealt with through the process used in establishing arbitration boards in settling disputes, in expropriation questions and things of that nature. If that is the process to be used, it provides a solution.

Schedule agreed to.

Appendix agreed to.

Title agreed to.

Bill reported, read the third time and passed.

INDIAN AFFAIRS

LEGISLATION TO CONFIRM CANADA-NOVA SCOTIA AGREEMENT RESPECTING RESERVES

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved the second reading of Bill No. S-25, to confirm an agreement between the government of Canada and the government of the province of Nova Scotia respecting Indian reserves.

She said: His Excellency the Governor General, having been made acquainted with the purpose of this bill, has given his consent as far as Her Majesty's property rights are affected that the house may do therein at it thinks fit. I could make similar remarks on this bill to those I made on the bill which has just been adopted by the house. The situation is exactly the same. If hon. members agree, I think I might just ask if there are any comments.

Mr. G. R. McWilliam (Northumberland-Miramichi): The minister has just said that this bill is similar to Bill No. S-6 which just passed second and third reading, and that she did not think it was necessary to make any statement on the bill. I quite agree with that sentence. For the same reason I feel that there is not much more that can be added by me on this bill in addition to what I said on Bill No. S-6. However, I wish to say that the official opposition supports the passage of this bill. I note that once again the same phraseology is used with regard to the settling of outstanding problems. However, as the minister said previously—and as I agree—this is not a very serious thing, and we have no objection.

Mr. Frank Howard (Skeena): Mr. Speaker, this affords me the opportunity to make probably the shortest speech I have made yet. We support this bill.

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

CITIZENSHIP AND IMMIGRATION

MOTION TO APPROVE CONVENTION ON NATIONALITY OF MARRIED WOMEN

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration) moved:

That it is expedient that the Houses of Parliament approve the convention on the nationality of married women done at New York on February 20, 1957, and that this house do approve the same.

She said: Mr. Speaker, I need not say more than a few words in support of this resolution. As hon. members will appreciate immediately, the convention on the nationality of married women is an especially forthright, commendable and timely document that should win the spontaneous approval of the progressive countries of the world. The convention contains only three substantive articles which are, however, of considerable significance in their recognition of the autonomy of married women with regard to citizenship. I think, Mr. Speaker, I might read them into the record:

Article 1

Each contracting state agrees that neither the celebration nor the dissolution of a marriage between one of its nationals and an alien, nor the change of nationality by the husband during marriage, shall automatically affect the nationality of the wife.

Article 2

Each contracting state agrees that neither the voluntary acquisition of the nationality of another state nor the renunciation of its nationality by one of its nationals shall prevent the retention of its nationality by the wife of such national.

Article 3

1. Each contracting state agrees that the alien wife of one of its nationals may, at her request, acquire the nationality of her husband through specially privileged naturalization procedures; the grant of such nationality may be subject to such limitations as may be imposed in the interests of national security or public policy.

2. Each contracting state agrees that the present convention shall not be construed as affecting any legislation or judicial practice by which the alien wife of one of its nationals may, at her request, acquire her husband's nationality as a matter of right.

As will be apparent, the general purpose of the convention is to ensure that the nationality of a married woman will not be affected automatically by her marriage to a national of another country, by the dissolution of such a marriage or by a change in the nationality of her husband. If she wishes to retain her nationality she will be free to do so. On the other hand, if she chooses to acquire the nationality of her husband the naturalization procedures will be eased in her favour. Yet the contracting states are free to determine how this easing of procedures is to be done, within the limits of national security and public policy.

Nationality of Married Women

As every hon. member knows, up to a few decades ago it was the universal rule that a woman who was of a different nationality than her husband acquired his nationality automatically upon marriage, and lost the nationality which she had possessed until then. In the process of time a number of countries, notably the United States, France and the U.S.S.R., enacted legislation providing that no such change in a wife's nationality would be automatic. However, the fact that this progressive action was not concerted among the nations brought domestic laws into conflict. The consequence at first was that while women no longer always acquired the nationality of their husbands, they still lost their own, and some were accordingly left stateless. It was imperative therefore that legislative action be made universal. Otherwise the attempt to resolve one hardship would have simply resulted in the creation of another.

Without waiting for the establishment of an international convention on the subject, Canada took the necessary steps in 1931 to maintain the national status of Canadian women who married nationals of countries that no longer granted automatic naturalization upon marriage. Moreover, with the adoption of the Canadian Citizenship Act in 1946, Canada became the first country of the commonwealth to provide that a woman has a fully autonomous citizenship status. Unless she herself wishes it and takes special steps in this direction, a Canadian woman will not lose her nationality, nor will an alien woman gain Canadian nationality upon marriage. On the other hand, there exists a simplified naturalization procedure for the alien wife who wishes to acquire the nationality of her Canadian husband.

The international agreement that is before this house for approval is therefore in full conformity with the citizenship policy followed by Canada at least over the past 12 years. It was prepared on the recommendation of the economic and social council of the United Nations, and opened for signature and ratification by a resolution of the general assembly adopted two years ago. Canada signed it on February 20, 1957, and on April 9 of that year the convention was tabled in the House of Commons. Twenty-two countries, including the United Kingdom and the U.S.S.R., have now signed the convention, which came into force last August. The number of ratifications has now reached 12.

Canada has taken a very active interest in this question at the United Nations, and is one of the states which sought to promote the drafting of the convention. Women's organizations in this country have expressed their satisfaction at Canada's signature, and have displayed considerable interest in Canadian ratification. I am confident that every hon. member of this house will agree that it is desirable for Canada to approve the convention, both so as to reaffirm the equality of citizenship status as between men and women in Canada, and so as to give encouragement to a highly desirable development in modern society.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I listened with great interest to the remarks of the Minister of Citizenship and Immigration (Mrs. Fairclough). I agree with her that this convention conforms in a general way with the terms of the Canadian Citizenship Act.

Mr. Speaker, I should like to read into *Hansard* part of the preamble of the convention on the nationality of married women, which was signed in New York on February 20, 1957, and has been tabled in this house and in the other place on April 9, 1957, as the minister pointed out. The part of the preamble I mean reads as follows:

(Text):

"Everyone has the right to a nationality" and that "no one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality".

(Translation):

Mr. Speaker, I have a feeling I have already heard some discussion in this house with regard to a bill asking that no distinction be made between native born Canadians and naturalized Canadians. As a matter of fact, this discrimination still exists in our citizenship act, and I hope that, as a result of the ratification by the house of the convention on the nationality of married women, the minister will consider introducing the required amendment to our citizenship act so that, at last, any discrimination between naturalized citizens and native Canadians be eliminated from our statutes.

Mr. Speaker, we on this side of the house are happy to support the convention which has already been approved by the United Nations and quite a number of countries.

(Text):

Mr. Frank Howard (Skeena): Mr. Speaker, one of the pleasant duties which falls on members, particularly those who belong to the male sex, is to rise and indicate support for any measure such as this which will be beneficial to the most fascinating, delightful and romantic section of our society, especially when the hon. member who is introducing the motion is herself a woman. It is just in these short words that I wish to indicate our unqualified support for this motion before us and for the convention itself.

Mr. Caron: Would the minister have this convention printed in French?

Mrs. Fairclough: In answer to hon. members who have spoken previously, I would say that the convention was tabled, as I said, on April 9, 1957. There are 100 or so copies available, and the ones I saw were all in English. I daresay it would not be difficult to translate it, but I am not sure whether we have any translated copies.

Mr. Caron: May we have it translated and given to us in French?

Mrs. Fairclough: I would be very happy to arrange that.

Motion agreed to.

TRADE

WHEAT—MOTION FOR APPROVAL OF INTERNATIONAL AGREEMENT

Hon. Gordon Churchill (Minister of Trade and Commerce) moved:

That it is expedient that the Houses of Parliament do approve the international wheat agreement opened for signature at Washington, D.C., on April 6, 1959, and that this house do approve the same.

He said: Mr. Speaker, on March 10 I announced to the house the successful conclusion of negotiations for a new international wheat agreement at the United Nations wheat conference in Geneva. The new agreement was open for signature in Washington from April 6 to April 24, and on April 22 the Canadian ambassador to the United States, Mr. Heeney, signed the agreement on behalf of Canada, subject to ratification by parliament.

As at May 31 the governments of 26 importing countries and of all nine exporting countries had signed the agreement. The house will note that the United Kingdom is a signatory to the new agreement. Four of the smaller importing countries listed in the agreement have not yet signed, but their accession to the agreement, as well as that of several other importing countries which are members of the current international wheat agreement but did not participate in the conference, is expected to take place before December 1, 1959, which is the final date stipulated in the agreement.

The exporting countries now include Italy, Mexico and Spain—previously importing countries—in addition to Argentina, Australia, Canada, France, Sweden and the United States. Instruments of acceptance following ratification must be deposited before July 16, in order that the new agreement enters fully into force on August 1, on the expiry of the current agreement.

This new agreement has the full support of the principal producer organizations in western Canada. The leaders of these organizations, who are members of the advisory committee of the Canadian wheat board, formed part of the Canadian delegation to the United Nations wheat conference. I should like to add in this connection that, as in previous negotiations, the counsel and judgment of these men, reflecting their mature experience in wheat affairs, gave valued support to the contribution made by the Canadian delegation to the conference.

The house will expect me at this time to give a broad outline of the new agreement and its main features. The 1959 agreement is new not only in the sense that it will succeed and replace the 1956 agreement on its expiry on July 31; it is also new in that it is different and broader in concept, scope and content than any of the three previous agreements concluded since 1949. In this sense it will mark a new era for the international wheat council, which should now provide an enlarged framework with realistic terms of reference directed to the practical and urgent needs of the world wheat situation as it is and as it has been developing.

The principal objectives of the new international wheat agreement remain the same, namely the assurance of supplies to importing countries and of markets to exporting countries at equitable and stable prices, and the overcoming of the serious hardship caused to producers and consumers by burdensome surpluses and critical shortages of wheat. However, these objectives have now been significantly broadened to include the expansion and freest possible flow of the international trade in wheat and flour in the interests of both exporting and importing countries; the encouragement of increased consumption of wheat and wheat flour generally, particularly as a means of improving health and nutrition, and the furtherance of international co-operation in connection with world wheat problems.

In order to appreciate fully the significance of these broader objectives, perhaps it may be useful to refer briefly to some of the background to the new agreement, and this may also help to give point to the changes in its operational clauses. Hon. members will recall that the three previous agreements of 1949, 1953 and 1956 were based essentially on reciprocal undertakings by exporting and importing countries. At the maximum price, exporting countries were committed to supply guaranteed quantities to importing countries: and at the minimum price, the importing countries were committed to purchase guaranteed quantities from the exporting

countries. Within the price range there was no commitment, either to sell or to purchase under the agreement.

In a period of strong demand and rising prices, stimulated by the post-war shortage of grains and later by the Korean crisis, the first wheat agreement did stabilize prices for almost two-thirds of the world wheat trade throughout its four-year period, 1949-50 to 1952-53. In 1956, under the burdensome weight of accumulating wheat surpluses almost everywhere in the world, the quantities committed under the I.W.A. fell to almost a quarter of the international trade in wheat. Purchases transacted under the agreement since then have declined to about a third of the total movement of wheat between those countries which are members of the agreement. In such circumstances, when the quantity of wheat moving outside the agreement was twice as large as that transacted under it, and when the problems of surplus accumulation and disposal were beyond the scope of the agreement, it was clear that the former type of agreement was no longer adequate to cope with issues in the current wheat situation which require a solution, either by grappling with root causes or by the formulation of remedial measures to mitigate their adverse international effects.

The 1959 agreement reaffirms the belief of its members in intergovernmental co-operation on world wheat problems. It also represents an attempt on the part of its members to devise a new framework to meet changed conditions. Under the new agreement the international wheat council has wider powers and functions. It is authorized to hold an annual review of the world wheat situation covering developments in national production, stocks, prices and trade, including surplus disposal and special transactions, details of which must be supplied regularly to the council.

Instead of expressing rights and obligations in terms of guaranteed quantities applicable only at the maximum or at the minimum price, in the new agreement individual importing countries are under a continuing obligation to purchase, when prices are within the price range but below the maximum, not a guaranteed quantity but a specified minimum percentage of their total commercial imports. When prices reach the maximum the exporting countries undertake, if requested, to supply importing countries, at prices no higher than the maximum, with quantities of wheat equal to the average of their total commercial purchases from them over a representative base period.

In this connection it should be pointed out that as the obligations of exporting countries at the maximum price are related to the average level of past purchases on commercial terms, there is an inducement to importing countries to buy more than their percentage commitment when prices are below the maximum in order to build up a larger entitlement. At the same time, while prices are at the maximum importing countries are released from their obligations to purchase under the agreement, and if they so wish may obtain their commercial needs from any other source. Thus mutual obligations are balanced in a way that is conclusive to a freer and larger movement of trade under the agreement.

From Canada's standpoint this aspect of the agreement represents a great improvement. In the previous agreement, guaranteed quantities were of the order of 295 million bushels, against which only 195 million bushels were transacted in 1957-58, the last year for which final figures are available. Under the new agreement, to the extent that the importing countries will purchase their requirements commercially, and in bushel terms, these may increase as well as decrease; a specific minimum percentage will have to be transacted under the agreement each year so long as prices are below the maximum. If the minimum percentages of the 30 importing countries specified in the agreement are expressed in terms of commercial purchases over a representative period, 1954-55 to 1957-58, the commercial movement within the agreement will amount to about 420 million bushels. If allowance is also made for the former United Kingdom dependent overseas territories, such as Ghana, Malaya and the West Indies Federation, and for members of the current agreement and other countries that did not participate in the conference but which are expected to accede to the new agreement, it is expected that annual commercial trade under the agreement will rise to about 450 million bushels or more.

Under earlier agreements the total of the importing countries' guaranteed quantities was divided among the exporting countries, each exporting country's share representing its individual guaranteed quantity. Importing countries could theoretically be required to take this guaranteed quantity if prices reached the minimum. In practice this right was never used, since prices did not fall to the floor. Moreover, there was considerable doubt whether the provisions safeguarding the exporters' position at the minimum would have proven effective had they been put to the test. In the new agreement the market represented by the total of the importing countries' commitment to purchase a specified percentage of their commercial imports will

be open to competition among the exporting countries. There is every prospect that on grounds of quality and price Canadian wheat will be able to compete successfully, and that this pressure will prove advantageous to our trade.

The price range in the new agreement is $1.50 to $1.90 per bushel for No. 1 Manitoba northern wheat, basis in store Fort William/Port Arthur. The minimum remains unchanged and the maximum price has dropped 10 cents per bushel. In the face of the persisting accumulation of supply in excess of foreign commercial demand there was heavy pressure from the importers for a downward adjustment of the floor as well as the ceiling price. The exporters were successful in holding the minimum price and were able to agree to a reduction in the ceiling in the light of considerable advantages offered elsewhere in the new agreement, particularly the importers undertaking to purchase throughout the price range. Some decrease in the price range was inevitable in prevailing circumstances, and the reduction made can be regarded as the minimum necessary to secure acceptance of a more effective agreement. Whether the maximum price provisions will become operative during the three year currency of the new agreement cannot now be foreseen.

While the rights and obligations of exporting and importing countries are confined to sales and purchases transacted on commercial terms only, all transactions, commercial and special, entered into by member countries are to be recorded by the secretariat of the international wheat council for the purposes of the agreement. A "special" transaction is defined as "one which, whether or not within the price range, includes features introduced by the government of the country concerned which do not conform with usual commercial practices". The chief purpose of bringing special or non-commercial transactions within the effective scope of the agreement is to enable the council in its annual review to have a complete and comprehensive picture of the international trade in wheat. A complete record of non-commercial transactions will, of course, facilitate the task of safeguarding normal commercial markets.

To sum up, the new agreement is a flexible international instrument devised to deal with trade in wheat and the most pressing problems of the world wheat situation. With its wider responsibilities and functions the new council will provide an effective forum for intergovernmental consultations and co-operation in wheat, and as such will be better equipped to tackle world wheat problems and to promote corrective measures. In this way it is hoped that it will be able to exert a beneficial and stabilizing influence on the world wheat economy. In the present world wheat situation the new agreement affords increased assurance of markets for our wheat at a fair return to our wheat producers. For these reasons I commend to the house the new international wheat agreement for approval.

Hon. Paul Martin (Essex East): Mr. Speaker, the resolution the hon. gentleman has moved in connection with the fourth international wheat agreement is of importance, of course, to all sections of the Canadian people. The minister in noting some of the advantages of the fourth treaty called our attention to the statement of objectives which will be found in part I, article 1. In referring to these objectives the minister said there is an improvement over the purposes and objectives envisaged in the last international wheat agreement.

That is true, but one should not confuse the statement of intention with reality, particularly when in the treaty as presently drawn up there is no commitment to make effective the promotion of the expansion of international trade in wheat and wheat flour as stated in clause (b) of the objectives, nor is there any provision that would make it obligatory on any signatory to live up to the implications involved in clause (e), where it is proposed as the final objective to further international co-operation in connection with world wheat problems, recognizing the relationship of the trade in wheat to the economic stability of markets for other agricultural products.

I do agree with the minister, however, that as a statement of objectives in a collective effort such as this under the auspices of the United Nations there can be no quarrel with the broad concepts which are envisaged. I think at the outset it should be stated that in practical terms it is doubtful that this new international wheat agreement will be a guarantee of permanent stability in wheat prices.

The new agreement becomes effective on August 1 and will run until July 31, 1962. The minister has referred to the fact that unlike the preceding wheat agreement, and its predecessor Britain has become an adherent to the treaty. However, while that is welcome certainly on sentimental grounds, the economic implications ought not to be overstated. The participation by Britain will not bring about any major increase in the demand for Canadian wheat under the international wheat agreement, in my view. It is significant that the price for British participation—and the minister will correct me if I am wrong in this—is that the ceiling price has been

reduced from $2 to $1.90. The cut, therefore, is 10 cents, from $2 a bushel to $1.90 a bushel. As the minister has pointed out, the floor remains at $1.50. I believe the current price for No. 1 northern is below the present $2 ceiling, and is around $1.69.

The overriding consideration in this agreement, of course, is that we are faced again with a very serious world surplus, and that is a very important conditioning factor in this particular treaty. As a matter of fact my slight research indicates that most authorities in this matter feel that in the next three years the continuing world surplus situation will prevent the price of wheat reaching the maximum level. Crop failure, of course, could alter this situation, and in that event there is one safeguarding feature in the treaty that the minister has not mentioned, and that is that in the event of crop failures the exporting countries are not obliged to sell any more than their normal amounts to purchaser countries that are signatories to this treaty. The latter would therefore, I take it, be precluded under the treaty from stockpiling at the $1.90 level, a situation that price-wise could not attend any serious reduction in the world surplus situation and which might in itself be a cause for an improvement in the price situation but for the stockpiling control provisions contained in the treaty.

I suppose it will be argued that the participation by Britain in this treaty will give some steadiness and some orderliness to the marketing of wheat, but it will remain to be seen in the light of experience whether this will really be the case; for, as the minister has pointed out, there is no obligation as in this treaty to buy on the basis of fixed quotas. There is merely the requirement that countries give an indication of their intended purchases. In the case of Britain this will mean 80 per cent of their requirements.

It is very interesting to examine the annex to this treaty and see the various percentage requirements to which the purchasing countries commit themselves. Without belittling the principle behind this treaty, I do not think Canadian farmers and wheat producers should be taken in by these figures. I notice, for instance, that Vatican City is given at 100 per cent. Some new countries are given at fairly high figures. I am sure the minister will agree that it will be interesting to see whether many of these countries are really potential purchasers, particularly of Canadian wheat in these amounts. I think the percentage commitments of some purchasing countries should not be exaggerated.

There is, however, a new feature in this treaty which the minister has mentioned. It is that while the old treaty covered 25 per cent of the world's commerce in wheat, the new agreement will cover 75 per cent. And that, of course, does represent an improvement. However, the elimination of the fixed quota purchase has another implication, and that is the effect of this on the Soviet union. The Soviet union has not become one of the signatories to the treaty. The minister did not explain why. I suppose there were reasons in the minds of some of the exporting countries as well as considerations arising out of the position of the Soviet union itself, but perhaps the overriding reason was the fear of a flooding of the world market, such as the Soviet union was able to effect in the matter of tin. In that connection, it is noteworthy that in the annex West Germany undertakes to buy 70 per cent of her total requirements, leaving 30 per cent to be purchased from other than countries supplying wheat under this international agreement. Germany, of course, is not precluded from purchasing some of that 30 per cent, or all of it, from the Soviet union.

The minister did point out that the treaty takes into account give-aways—I do not think the minister did mention this—but the treaty takes into account the give-aways to underdeveloped and starving countries. The advantage of this, of course, is that it would be done on a collective basis and not, as it is being done now by some countries, on a unilateral basis with very disturbing effects to other countries. This is the principle behind some of the criticism which the present and the preceding Canadian government have levelled against the surplus disposal policy of the United States.

The treaty, notwithstanding some comments which I have seen in the press, does not provide for any controls in world wheat production. Without in any way saying whether or not I think it would be a good thing in itself, the fact is regardless of some of the advantages which this fourth international wheat agreement is supposed to give, the basis certainly does not include any step by which the gap between world production and world consumption can be improved. All that is indicated is that it should be regarded as the common concern of all countries to see to it that the gap between production and consumption was such as not to add to the burden which arises out of the serious surplus situation that now prevails.

In the statement of objectives, as I mentioned at the outset, there is an expression of support for the promotion of the expansion of world trade and the freest practical flow

of trade among the signatory countries. That is a very desirable thing, but this is nothing more than a mere pious expression of intention. The only effective way by which this could be given effect to would be for the signatories themselves to take steps in their own domestic policies toward a freer world trade and the expansion of world trade itself. The mere statement of these objectives should not be misconstrued.

In many respects this particular treaty is a victory for a buyer's market because of the cut-back of 10 cents. I know the minister would join with me and with any who speak on this measure in indicating that while there is a cut-back of 10 cents, it should be the policy and the aim of the government, having in mind the interests of the wheat producer, to keep the price at the ceiling. I emphasize this because of a press report which I saw in the Ottawa *Journal* of March 11 of this year under the heading:

U.K. Minister Sees Cheaper Wheat From I.W.A. Pact.

The article goes on:

British agriculture minister John Hare said last night the international wheat agreement reached yesterday in Geneva should pave the way to cheaper wheat.

A little further on it says:

Britain, by far the largest wheat importing country, has said the revisions in the new agreement meet all her objections to the agreement of 1953 and 1956.

Well, what may be Britain's objective and Britain's interest may not necessarily meet the objectives and the interests of the Canadian wheat producer. In any event, I suppose because of the world surplus situation, the present ceiling may be the price level most easily attainable; but I think it is important for us to bear in mind that for the admission of Britain, desirable as that is, we have had to pay some price.

It is argued by some that as a result of this cut-back the Canadian wheat producers may have lost some prospective buyers. If he replies possibly the minister will be able to comment on that point.

I notice that the number of participating countries has dropped from 42 to 36. I do not think the minister gave any explanation of that, and perhaps he would be good enough to do so when he replies.

This treaty, of course, recognizes the value of the principle of multilateralism in world trade as opposed to the operations of a free market. There will continue to be the usual arguments by those who feel that the latter would bring about a better price for the producer; but speaking for myself, certainly I believe this multilateral approach is more orderly and more inclined to bring about in the long run the kind of satisfaction of interests we desire, not only for the peoples of the world but for the Canadian wheat producers themselves.

Mr. Argue: May I ask the hon. gentleman a question? Does he not think the multilateral arrangement to which he refers would also bring about a better price than a free market in certain circumstances?

Mr. Martin (Essex East): Personally I am inclined to think that is the case, and that is what I meant when I said I think an orderly arrangement as the result of such a collective effort would likely have greater consequences for the wheat producers as well as for the other countries of the world involved in the two considerations, which I think go hand in hand.

I wonder whether the minister can indicate whether we are simply going to get 80 per cent of Britain's requirements, because my examination of this situation indicates that in recent years 97 per cent of Britain's wheat purchases were made from the major wheat exporting countries who continue as signatories to this treaty, notwithstanding the fact that Britain herself was not obligated to any of the requirements of the last two international wheat agreements.

I think the minister ought to indicate to us what will be the effect of the new European common market on exports by major wheat-producing countries. Moreover, it seems to me that the minister has not fully satisfied the committee when he speaks of the new powers given to the council with respect to the supervision of surplus disposal programs. It is true that we argued that under GATT there was a violation, at least in spirit, in the surplus disposal programs, particularly of the United States. But I am not convinced that this new treaty will or does provide for a greater measure of public scrutiny, that it really does go further than the situation that prevails under the existing treaty. I note that, while in part VI, article 21, there is provision for an annual review of the practices in connection with wheat disposal, in the final subsection of article 21 the following appears:

Nothing in this article shall prejudice the complete liberty of action of any exporting or importing country in the determination and administration of its internal agricultural and price policies.

It should not be forgotten likewise that in the agreement that comes to an end on July 31 there is provision for a periodic review of surplus disposal operations, just as there is, in effect though different in form, in the new agreement.

I think all these questions of the supervision of surplus disposal products are very

important. I know the minister would not want to leave the country with an exaggerated impression of the extent of the agreement which was arrived at in Geneva. It is true the international wheat council will make a yearly review of annual production and marketing measures affecting trade in wheat, and sales by member countries. This will, admittedly, include not only commercial sales, as the minister observed, but special transactions. Article 3 of the treaty defines what are special transactions. Commercial purchases are the percentages of purchases which importing countries agree to make of their total requirements of commercial wheat. Special transactions are defined as:

(a) sales on long term credit resulting from government intervention;
(b) sales under tied government loans;
(c) sales for inconvertible currency;
(d) barter transactions;
(e) bilateral trading agreements;
(f) gifts or grants.

It may be very well in principle to say the wheat council now, under this treaty, is going to have a review power that was not as clearly stated under the old treaty. However, this is to be observed. When the United States gave away wheat for foreign currency, and gave it away on tied government loans as it did to certain South American countries, we argued that the United States violated the spirit of the international wheat agreement, if it did not violate the letter of the agreement itself. I do not believe it can be argued that this limitation is removed under the present treaty. Under this treaty the United States now, without violating even the spirit or the letter of the agreement, may sell on long term credit to any country. It can continue to sell on tied government loans. It can say to a country, "We will make you loans for industrial purposes if you will take a certain amount of wheat from us."

As I understand it, there is nothing to prevent that under this treaty. It can continue to sell for inconvertible currencies, for instance to India for rupees. It can make barter transactions, which are the worst of all. It can make bilateral trading arrangements and agreements. It may dispose of wheat by gifts or grants.

We have been objecting to all this. We have been arguing that this was contrary to GATT at least in spirit. But now, under the new agreement, the United States will be able to take the position that while there is an obligation to have an annual review of all transactions of this kind, there is no possible argument that these various kinds of transactions, other than commercial ones are even contrary to the spirit of the international wheat agreement. Under this new agreement therefore, as I see it, these practices really received the approval of the signatory countries to the international wheat agreement.

There is no need for any further extended comment on this treaty which, in principle, represents a sound approach. I do not believe, in fairness, it could be argued that it is a great improvement or, on balance, an improvement at all over the existing agreement. One appreciates all the difficulties in arriving at an agreement involving a matter of this sort. One recognizes the advantage of British participation, notwithstanding the fact that this means a cut-back from $2 to $1.90. While this treaty is perhaps the best that could have been obtained under all the circumstances—I want to be fair in my comments —I do believe its value should not be exaggerated. We should not think that by this agreement, involving the participation now of Britain, involving the greater publicity for certain transactions which we felt were inimical to our trading interests as a great wheat producing country, the argument we made against the surplus disposal policies of the United States has been destroyed.

However, with these observations I want the minister to know, as one who believes in the collective way of approaching these matters, that I do not overlook the fact that in principle this treaty does perpetuate some of the principles of the three preceding agreements. But it is certainly, I think, a great overstatement to argue that this treaty represents a fundamental change or an improvement over its predecessors.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, the international wheat situation is a difficult one, and any consultation or any arrangement for consultation by most of the wheat exporting and wheat importing countries is something that should be supported. Agricultural producers have long been of the opinion that, in producing wheat and other grains and in the storage and sale of those grains, a proper central agency acting on behalf of producers is necessary, and have also believed that in the sale of wheat and in international deals in wheat this same principle of collective agreement should be continued.

We have had a number of wheat agreements in the past, and with the exception of the initial wheat agreement when there was a very definite price advantage under the agreement, those agreements have been standby rules for the sale of wheat. In general the buying and selling of wheat has taken place without the wheat agreements having any particular effect.

This agreement is perhaps the best effort that could be made by all of the nations collectively in the light of the current wheat situation. The Canadian government has had the support of farm organizations in its effort to bring about such an agreement. In fact it had some of the leading members of the agricultural organizations of this country actively participate in bringing about the formulation of this agreement.

Mr. Martin (Essex East): Mr. Warren was one of them, was he not, or Mr. Wesson?

Mr. Argue: Is he from your part of the country?

Mr. Martin (Essex East): No, he is a westerner.

Mr. Argue: Mr. J. H. Wesson, president of the Saskatchewan wheat pool, was one of the leading members on the Canadian side. Mr. Alf. Gleave, president of the Saskatchewan farmers' union, was also in attendance. There were undoubtedly others equally eminent whose names escape me for the moment.

Mr. Benidickson: I thought a list of them should be put on the record later.

Mr. Argue: Having said that this is probably the best arrangement that could be made under existing circumstances, one should recognize the fact that this agreement in no way assures the solution of this extremely difficult problem. I have listened in this house over the years to many speeches by ministers of trade and commerce, in which the minister of the day has presented the argument of the government in favour of the particular policy that was being followed at that time. The optimism for which Right Hon. C. D. Howe was so well known in the house has been carried into the speeches of the present Minister of Trade and Commerce.

We have had from the minister this morning a survey of this agreement. While one can discover from the statement he has made that he realizes that this agreement is not likely to meet the total situation as it exists, nevertheless the language the minister used emphasizes, this agreement, I believe, beyond its likely real value. By that I mean that the present minister is taking this same optimistic approach. I am wondering whether the present Minister of Trade and Commerce, when it comes to a discussion of the grain situation, has not perhaps the same ghost writer or ghost writers who used to prepare the extremely optimistic statements that were once prepared for his predecessor.

Mr. Churchill: No; they are new ones.

Mr. Argue: The minister says they are new ghost writers, but one undoubtedly is following in the footsteps of the other. He probably has been checking the files and has put into the hands of the minister, by the minister's own admission, the statement which was made this morning and which I think is so optimistic as in fact to give rise to a misleading conclusion, and which in fact would mislead people who do not understand this situation.

The minister has spoken of this agreements as being broader in concept, scope and content, and as an enlarged framework, and has said many optimistic things about the agreement. Mr. Speaker, I should like to hear from the minister at some time a frank statement on the extremely difficult situation in wheat that today faces Canada and the world. That is not in this statement made this morning. In this agreement there is not an adequate guarantee that these difficulties will in fact be met.

This agreement continues the trend of lower wheat prices. There is a reduction in the ceiling price from $2 a bushel to $1.90 a bushel. That is not likely to be a real factor within the life of this agreement, as I see it.

Mr. Martin (Essex East): Unless there were big failures.

Mr. Argue: The hon. member for Essex East says "unless there were big failures".

Mr. Martin (Essex East): I mean crop failures.

Mr. Argue: Crop failures, of course. I do not think in the major wheat producing countries of the world you are likely to get a series of crop failures that would so affect the world situation as to bring about a shortage of wheat.

Mr. Martin (Essex East): That is right.

Mr. Argue: Another factor of this agreement is the continuation of the floor price at $1.50 a bushel, basis No. 1 northern, Fort William. We would have been happier if, along with a reduction in the ceiling price, there had been some increase in the floor price that would have brought that price to $1.60 a bushel. The selling price at Fort William today is $1.67 a bushel, which means that the price in recent years has been above $1.60. But any reduction in present wheat prices to the floor price set out in this international wheat agreement that we are approving this morning would spell disaster to the wheat producers of this country.

That would mean a net reduction in the present price of wheat of about 17 cents a bushel. In general that would wipe out the interim and final payments to wheat producers

as we have known them. So if the price should go to the floor contained in the agreement, of $1.50 a bushel, the agreement would spell disaster to the wheat producers of this country.

Another factor in this agreement which reduces its value is the fact that there are no fixed quantities that countries agree to purchase; there are merely percentages. It is valuable that countries agree to do even that, but it would have been a much more adequate guarantee if the percentages could have been related to actual quantities of wheat so the producing countries in the world and the grain producers would have some idea of just what is involved.

Then there are important importing countries which are allowed by this agreement to purchase large quantities outside of the agreement itself. The Federal Republic of Germany, which has become Canada's second best customer for wheat in recent years, agrees to purchase 70 per cent of its requirements. In other words 30 per cent of the purchases of the Federal Republic of Germany can be made, under this agreement, outside of the agreement. That is what is set forth here. Another country, Japan, which has been an exceedingly important customer of Canada—a customer that recently, at any rate, has been growing in importance—is allowed under this agreement to purchase 50 per cent of its wheat from countries other than the exporting countries listed in this agreement. That is therefore another feature which shows that there are large quantities which can be purchased and sold outside of the agreement.

Then, of course, another thing that bears on the wheat situation as it now exists is the larger number of exporting countries that are brought under this agreement. It used to be considered that there were four exporting countries, the Argentine, Australia, Canada and the United States. To those countries from time to time have been added other countries. France is now a large exporter of wheat. We have had such other countries added to this agreement as Italy, Mexico and Spain. Countries which have not been large importers of wheat in the past but who still have imported wheat from time to time are now becoming exporting nations. This is another indication that the wheat situation is rather disturbing from the standpoint of the agricultural producers of this country.

Mr. Martin (Essex East): Has my hon. friend the figures for world surplus?

Mr. Argue: Our minds must think alike; I have them in my hand and it was the next thing I was coming to. These figures are contained in the most recent issue of *The Wheat Review* for May, 1959, and here is the paragraph dealing with world surplus:

> Latest available estimates indicate that supplies of wheat remaining on or about May 1, 1959 in the four major exporting countries for export and for carryover at the end of their respective crop years amounted to 2,207.7 million bushels, representing an increase of 22 per cent over the 1,815.5 million available a year ago. Supplies at May 1, 1959 in millions of bushels were held as follows: . . . United States, 1,373.7; Canada, 609.2; Argentina, 99.4; Australia, 125.4.

These are large and growing surpluses. There is an indication also that the U.S.S.R. is becoming a very important factor in the wheat situation. I have in my hand the Alberta *Wheat Pool Budget* of June 26, and it has this to say about the wheat production in Russia:

> Reports from Russia indicate that country may harvest another tremendous wheat crop this year. Last year Russia produced a wheat crop claimed to be in excess of 2,300 million bushels, compared to the United States' all time record harvest of 1,450 million bushels. Another 2 billion bushel Russian crop could result in a substantial wheat surplus for export and create further wheat trading problems for Canada.

And, I might add, for the world.

> The possibility of Russia entering the world wheat market on a large scale was a matter of some considerable concern at the international wheat agreement negotiations at Geneva last winter where the fear was expressed that Russia might decide to use wheat as an economic weapon in the world cold war. With the United States already distributing wheat in every manner possible, Canada's trading position would be greatly aggravated should Russia take such action.
>
> This spring a total of 112.5 million acres were reported to have been sown to spring wheat in Russia. This compares with a total U.S. winter and spring wheat acreage of about 55 million and the Canadian acreage of only 22 million. About two-thirds of the Russian wheat crop is sown in the spring.

When the Canadian wheat board officials were before the agriculture committee they recognized that the Soviet union today stands as a very important potential competitor in the wheat markets of the world, and a country that in recent months has played a more active part in wheat exports.

For Canada there are indications that the grain situation is becoming more difficult. The Minister of Trade and Commerce seems to disagree with me every time I point out the difficulties that Canada is facing in the export field, and the difficulty Canada is facing in obtaining markets. The minister takes the same generally optimistic view which was taken by his predecessor, but I say to him that the wheat situation in Canada is not only serious at the present time but that the outlook for wheat sales in the days ahead is difficult.

This agreement provides for an annual review of the surplus disposal policies which

are being followed by other countries in the world. It would have been much better, I suggest, Mr. Speaker, if under this agreement there had been provision for an immediate survey of any transactions concerning the disposal of world surpluses in an extraordinary manner which interfered with normal sales. This is a case of closing the barn door after the horse is missing. After this situation has gone on for a year, then a review is made of the difficulties that have obtained. I suggest, Mr. Speaker, that this part of the agreement is so worded as to allow—I would not say condone but certainly to allow—these extraordinary features of the United States disposal program, for example, to be continued.

Paragraph (c) of article 21 reads as follows:

> To assist in its review of surplus disposal, exporting and importing countries shall inform the council of the measures taken by them to secure compliance with the following principles: that the solution to the problems involved in the disposal of surpluses of wheat should be sought—

Here are the important words:

> —wherever possible through efforts to increase consumption.

"Wherever possible" means that if it happens to increase consumption—

Mr. Deputy Speaker: Order. It being one o'clock I do now leave the chair.

At one o'clock the house took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Argue: Before one o'clock I had been pointing out that welcome as the international wheat agreement is to this house and to the country, it does not guarantee that producers will have either adequate wheat markets or adequate prices. Undoubtedly it is a factor which tends to stabilize a state of affairs which is causing wheat producers great concern, but there is another body engaged in the wheat business which I think is probably a greater stabilizing factor than even this international agreement which we have under consideration.

I think beyond question the Canadian wheat board in recent years has demonstrated that it is a major stabilizing influence in the world situation. Not only is Canada a major exporting country—indeed, the second most important exporting country in the world, giving way only to the United States in first place—but we have exerted and we are exerting through the Canadian wheat board an important stabilizing influence on world wheat prices. I am certain that if it were not for the Canadian wheat board, wheat prices in Canada and in the world would collapse immediately to the floor under the wheat agreement and then, without the wheat agreement, would fall even lower. The Canadian wheat board has followed sound pricing practices in the light of all the factors in world trade, and the United States, Australia, and even the U.S.S.R. have to a very large extent followed the lead given by the Canadian wheat board in its pricing policy. The wheat board has been a major asset to the wheat producers of this country in very difficult circumstances, and continues to be so.

There are those who say, when we have a wheat problem—and I read an editorial to this effect in the *Globe and Mail* the other day—why do the producers of wheat not diversify their efforts? The fact is that with the possible exception of beef production, the wheat producers have diversified in every possible way, even to the extent of endangering other markets and the prices of other commodities. When there has been a surplus of wheat farmers have gone into the production of barley, feed barley and malting barley, until they are told by the Canadian wheat board that it is difficult to sell Canadian barley.

To show what a loose interpretation the United States gives to its marketing policy, I remind the committee that they say they are prepared under public law 480 to promote the sales of their commodities as long as they do not interfere with normal sales. But though the sale of Canadian barley to the United Kingdom has been going on for a long time, and though this is an important Canadian market, the Americans are pushing into that market because they say that Canadian sales to the United Kingdom today are running as high as they were a year ago. In other words the United States feels free to get into our market in the United Kingdom.

Farmers have diversified their crops and produced barley as far as possible. They have developed the production of flax until flax prices are relatively poor at about $2.80 a bushel. Producers of bread grains have developed the production of Durum wheat, and everybody in the trade today urges the farmers not to produce more Durum wheat because there is greater danger of a declining market at present for that product than there is for normal grain.

I hope the Minister of Trade and Commerce and the government will give consideration to adopting more aggressive policies for the sale of wheat than those which have been followed heretofore. Canada itself will be obliged to enter the field of

specialized sales if the export market is to be maintained, and I suggest to the government that they should be prepared to accept the local currency of nations which need our wheat but are unable to buy it because of shortage of dollars. In addition, we should be prepared to enter into barter deals for the exchange of wheat for the goods which other countries may have and which we could use.

I know the minister is going to hold up his hands in horror, but the United States is following these policies with great success and to our detriment, and unless Canada follows similar policies we shall be pushed even further out of international markets.

A third suggestion I wish to make is that in addition to being prepared to sell Canadian wheat on the basis of long term contracts, Canada should be prepared to purchase goods for import on similar long term contracts; there should be reciprocal long term contracts for the sale of goods. When there are discussions on the continuation or enlargement of the Polish market for Canadian wheat or of the U.S.S.R. market which we have developed in recent years, the answer always comes back that they would buy more Canadian wheat if Canadians would import from them and buy more of the goods they have to sell.

We feel that as time goes by these further policies must be developed. There is an obvious trend in policies with regard to the sale of wheat. As time goes on wheat is being more and more removed from the private trader, taken out of the hands of the speculators and being sold through government boards and agencies and under collective international agreements. We welcome this trend and hope the government will pursue these policies that time will show are essential if Canada is to maintain wheat exports.

I want to end on a note of caution. Unless these things are done the Canadian export market for wheat will be in danger. After hearing the evidence of the Canadian wheat board there is no question in my mind but that the board is very much concerned with growing competition from additional countries entering the export markets, and with the potential danger of widespread competition from the Soviet union. It remains for the Canadian government to do everything possible to restore and improve Canadian export markets for wheat.

We welcome this agreement. We know it is not flawless, but we feel it is better than no agreement at all.

[Mr. Argue.]

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, at this stage in the session I know that no one desires any repetition, and it is not my intention to indulge in that at all. The position of this party was extremely well stated this morning by the hon. member for Essex East. The hon. member for Assiniboia made some reference to the former minister of trade and commerce, and described him as an exceedingly optimistic man. I am not going to assume the right to make any definition of his characteristics. I think most of us know that he was a great realist and a great developer, and that this country would be much poorer if he had not been the courageous realist and developer he was. When the hon. member for Assiniboia described him as an optimist—which I think a good Canadian should be—I felt he did it in the context of an international wheat agreement. The hon. member indicated that even the present minister was practically repeating the type of explanation of advantages that might be obtained from an international wheat agreement that would have been given in former days by the minister's predecessor, Right Hon. C. D. Howe.

The hon. member for Assiniboia was in the house when the resolution ratifying the previous agreement came before parliament. Either he has forgotten the circumstances or he chose to be unfair to the then minister of trade and commerce, because certainly Mr. Howe was a realist with respect to the possibilities of the international wheat agreement. Without repetition I simply want in the context of this debate to place on record the views expressed by the minister of trade and commerce of 1956, Mr. Howe, when he introduced a resolution such as the present minister introduced today. At page 7067 of *Hansard* of August 6, 1956, Mr. Howe is reported to have said:

> We must remember that no one is obliged to purchase wheat under the international wheat agreement unless we offer wheat at the minimum, which last year would have meant offering No. 1 northern wheat at $1.55 per bushel and this year would mean offering No. 1 northern wheat at $1.50 per bushel. Well, I would not like to be pressed into the necessity of offering wheat at those prices with any belief that the member countries of the wheat agreement would take up the wheat. There are physical difficulties of storage in the way, among others; and therefore I have never been prepared to suggest that the wheat agreement is a guarantee of a minimum price. Perhaps it contributes to that end, but the guarantee simply is not there.

And again at page 7068 he is reported as having said:

> I wish we could dispose of the idea that the printing on a piece of paper determines whether Canada can or cannot sell wheat.

I think the hon. member for Assiniboia will remember that debate and realize that when he refers to Mr. Howe as an optimist—which most of us now recognize he is—his remarks would probably not be understood in the context of the debate on the international wheat agreement which we are having today.

Mr. Argue: May I briefly interrupt my hon. friend to say that I was referring to statements the former minister made in this house in answer to questions of mine, and to statements he made in other debates many times —almost every week—in which he was overly optimistic.

Mr. Benidickson: May I suggest to my hon. friend that my memory is as good as his, and I fail to remember many occasions when what my hon. friend calls the optimism of Mr. Howe was not recognized by all as being the realism which so characterized his conduct and attitudes.

The merits of the international wheat agreement are generally agreed upon by all parties of the house. When this matter was presented in 1956 by the then government and the resolution was introduced by Mr. Howe, the present Prime Minister, who was then the chief agricultural critic of the Conservative party, indicated that he had views not very different from those of the mover of the resolution. At page 7055 of *Hansard* of August 6, 1956 the present Prime Minister said:

> It is of interest to note that in effect what has been done in respect of the amounts purchaseable under this agreement is the establishment of a floor price for wheat. That is an important matter and achieves in part, although to a limited extent as compared to previous agreements, something that the farmer in this country and I think generally throughout the world does desire, a stabilizing security and a floor price.

Mr. Churchill: Mr. Speaker—

Mr. Deputy Speaker: I must advise the house that by speaking now the minister will close the debate.

Mr. Churchill: Mr. Speaker, I thought I might say a word or two in answer to the hon. members who have spoken, the hon. member for Essex East and the hon. member for Assiniboia. I welcomed the explanation given by the hon. member for Kenora-Rainy River. There is obviously general agreement with regard to the international wheat agreement. The comments made by my hon. friends have been objective and indicate a knowledge of the subject.

Their criticisms of the wheat agreement were valid in part. I have made no claim that this agreement is perfect, and I doubt that a claim of that nature has been made by any other participant in the agreement. I have never suggested that it would solve all our difficulties. My hon. friends have pointed out some of the things which perhaps are not settled by this present agreement.

The hon. member for Essex East raised several problems. He pointed out that this does not necesarily guarantee stability in wheat prices, but it goes quite a long distance toward so doing, just as any international commodity agreement does. He suggested that there would be no major increase through the participation of the United Kingdom in terms of purchases of Canadian wheat. That may be so. Britain is perhaps our most stable market for Canadian wheat, however, and I see no reason to worry about it.

The hon. gentleman drew attention to the increasing surpluses in world wheat supplies, with which subject I shall deal in just a moment. He noted that the Soviet union was not a signatory to the treaty, nor has it been to the others. He raised a question with regard to the European common market. I might say on this point that the countries of Europe which are in the common market, and also are members of the international wheat agreement, will not find that their arrangements under the common market will interfere with the arrangements they have made under the international wheat agreement. Therefore I do not think there is anything to worry about concerning the development of the common market in so far as the international trade in wheat is concerned. Those countries which have been international traders and international purchasers will continue to be so whether or not they are members of the common market.

Then my hon. friend had something to say with regard to the United States and suggested that article 21, subsection 4, went almost as far as to give approval to what might be called bad practices in world trading in wheat. The hon. member for Assiniboia, however, drew our attention to an earlier section of article 21, and I should like to read paragraph (c) of subsection 1 which he touched upon. It reads:

> To assist it—

That is the council.

> —in its review of surplus disposals, exporting and importing countries shall inform the council of the measures taken by them to secure compliance with the following principles: that the solutions to the problems involved in the disposal of surpluses of wheat should be sought, wherever possible, through efforts to increase consumption; that disposals should take place in an orderly manner; and that, where surpluses are disposed of under special terms, exporting and importing countries concerned should undertake that such arrangements will be made without harmful interference with normal patterns of production and international commercial trade.

He also stated that we should not exaggerate the value of this international wheat agreement. I hope I did not do that in the course of my remarks, but this is a continuation of three earlier agreements which have proved their usefulness in the trade in wheat. It is obvious, because of the number of countries which are participating in this agreement, that it has been of assistance in world trade. The experience of the past has been drawn upon, and this new international wheat agreement has gone a bit further than earlier ones. I do not wish to exaggerate its value, but it is very useful. As the hon. member for Assiniboia pointed out—and I think his phrase was rather good—this agreement gives us stand-by rules for the buying and selling of wheat.

I noted the remark of the hon. member for Assiniboia about my rigid optimism. I do not know whether or not I class myself as an optimist, but I think it is rather well to have what might be termed an optimistic approach to some of our Canadian problems rather than the opposite word, pessimistic. This was the only time in the course of my hon. friend's remarks when he deviated from what was a statesmanlike utterance, but he dealt for a little bit with this optimistic approach. My hon. friend is constantly warning us about disaster: he is sounding alarm; he is pointing out difficulties; he is purveying gloom; he uses adjectives like alarming, disturbing and drastic. I think he must be a very depressing type of person to live with.

Mr. Argue: I was just talking about you.

Mr. Churchill: I think it is wise now and again to look at the brighter side of life without becoming extravagant or careless in our use of words and phrases. I take an optimistic view, if you like to put it that way, with regard to conditions in Canada, and I am not depressed over the wheat situation. In fact it would be rather disturbing, I think, to our farm population if we here in the House of Commons were continually pointing out the grave difficulties that face us in the future, when we know from actual experience that some of the difficulties will be dissipated as time goes on.

Let me give you an example of that. Two years ago we had hanging over our heads here in Canada a surplus of wheat amounting to 730 million bushels. I well recall how pessimistic the outlook was two years ago on the part of some people in this country, but that surplus has now been whittled down to about 500 million bushels, which is quite an improvement. Two years ago perhaps we could not have foreseen that, but it was better to take the optimistic view than to be crying blue ruin.

Mr. Benidickson: Will the minister not agree that we must again, as I said earlier in my remarks, be realists? The over-all surplus of the exporting countries named in this agreement is perhaps larger than it was before.

Mr. Churchill: I quite agree that we have to be realistic in these things, and I hope I am being realistic. I shall speak in a moment about the world wheat surplus. I would just interpolate another word based on the remark of my hon. friend from Assiniboia about ghost writers. These are distinguished civil servants who prepare quite a bit of useful material. The only material they can be sure I will use without alteration are statements they prepare such as those for use in the House of Commons.

If the house will permit me, I should like to make mention of the fact that about a year ago I spoke to a group in New York and a distinguished member of the press gallery, Mr. Arthur Blakely, wrote a column along the line of what my hon. friend was saying; that this was a repetition of what had been said in the past and obviously I must be employing the same ghost writer who had written articles for Messrs. St. Laurent, C. D. Howe and Lester Pearson. Well, I wrote a note to Mr. Blakely and asked him to please not blame the officials of my department, because I had written every word of my speech myself and I regretted if I had simply been following along the lines that had been spoken by my predecessors. Well, so much for ghost writers.

May I say this with regard to the world surplus of wheat. We have to recognize the fact that wheat is grown in practically every country of the world. There is an increasing surplus of wheat being built up. Fortunately it is not of the same standard as the wheat grown in western Canada. A great part of it is softer wheat, which does not compete actively with the hard wheat which comes from our country; but there is an increased amount of wheat available throughout the world, and that creates problems with regard to international trade and brings up this problem of surplus disposal.

To deal with the subject of surplus disposal, this government actually, I think, made adequate protests to the United States with regard to this matter. At the same time we must recognize that they have taken cognizance of our protests and have modified their surplus disposal program of two or three years ago, and they are now operating under a method whereby consultation is carried on with our country on all occasions when the

surplus disposal of wheat is being considered. This to our mind is a great gain, and we are thankful to the United States authorities for the attitude they are taking. Consequently I think we should modify our criticism of United States surplus disposal programs.

The surplus disposal programs of the United States, in many instances, have been directed to very worthy causes. Some of these disposal programs are aimed at the increased use of wheat flour by peoples in the world who have not heretofore been consumers of that type of food. As that program advances the prospects, then, for exporting nations such as the United States and ourselves are increased. We must also recognize the fact that we ourselves are engaged in the surplus disposal of wheat, and have been playing our part in providing wheat on long term loans or on a gift basis to India, Pakistan, Ceylon and the Palestinian refugees, and we intend to continue that program.

In so far as the surplus disposal program does not interfere with normal commercial marketings of wheat, we cannot have much objection. The United States, all credit to them, have not been interfering recently with our normal, commercial sales of wheat to the United Kingdom, countries of Europe, and Japan. With assurance along that line, we cannot object to their providing wheat flour to countries that are really in need of food.

The hon. member for Assiniboia quite properly paid tribute to the stabilizing influence of the Canadian wheat board. He mentioned the fact that Canada was now the second greatest exporter of wheat. We actually are first in the field when it comes to commercial sales of wheat abroad. The United States has emerged as the largest exporter of wheat, but is still second to us on commercial sales. Our commercial sales abroad run to an average of 262 million bushels a year to their 160 million bushels a year. The excess which they export over our export figure of about 300 million bushels is made up by these programs for surplus disposal and gifts to needy countries. The activity of the Canadian wheat board in stabilizing the price of wheat throughout the world is recognized, and I am glad the hon. member for Assiniboia drew attention to that fact.

He made suggestions with regard to the barter of our wheat for goods from other countries. We recognize that this has been done by some countries, but we are not a state trader and it is difficult to barter products of this country for products from some other country unless we enter the field of state trading. This would apply also to his suggestion about long term contracts to purchase goods from Poland or from the U.S.S.R. in exchange for purchases they make from us. There again state trading would have to be entered into if that were to be done.

May I conclude, Mr. Speaker, with this. As I have said on occasions, Canada's position in the international wheat field would not be as important as it is today, and cannot be maintained in the future, unless the quality and standard of Canadian wheat is maintained. Fortunately for us our country produces a hard, good grade milling wheat of high protein value which is a premium wheat in the world market and is desired by millers in countries abroad. My consultations with the importers of wheat in the United Kingdom and Europe, and my talks with Japanese millers who have visited this country, confirm our conclusion that Canadian wheat is a premium wheat, superior in quality to the soft wheats which are grown in most other countries of the world. A market for Canadian wheat should be maintained without any diminution of our sales abroad if that quality is maintained.

The emphasis, then, in Canada should be on maintaining quality. It is because of this that a person can take a reasonably optimistic view of the future, and can assure the Canadian farmer that there is a market abroad for Canadian wheat. That market abroad is being maintained by close personal relations between the Canadian wheat board and the countries abroad; by government activity and consultation with the governments of other countries who are importers of our wheat, and by our participation in the international wheat agreement and various international conferences where these matters are discussed. The outlook for the future is not too gloomy, not too difficult. We have to maintain a realistic approach; and a little trace of optimism in that, I think, is all to the good.

Motion agreed to.

INCOME TAX ACT

MOTION FOR CONCURRENCE IN SENATE AMENDMENTS

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of and concurrence in amendments made by the Senate to Bill No. C-48, to amend the Income Tax Act.

He said: As recorded in the *Votes and Proceedings* of the house for June 18, at page 579, a message was received that day from the Senate informing this house that the Senate had passed Bill No. C-48, an act to amend the Income Tax Act, with the following amendments:

1. Page 11, line 16:—After "or" insert "charter-party".
2. Page 11:—Strike out clause 19.

There are these two amendments which have been made by the Senate. As to the first, Mr. Speaker, may I comment that it is simply a drafting change and I believe alters, in no way at all the sense of the clause in question.

As to the second amendment, may I point out to the house that it has the effect of striking out clause 19 of the bill. Clause 19 amended section 71 of the Income Tax Act, which is the section of the act concerning foreign business corporations. There was some debate in this house on this clause of the bill, but I am sure I do not need to review now the questions that were raised at that time. The effect of the amendment by the Senate has been to strike this clause out of the bill. I regret that it has done so, for I think there was merit in clause 19 of the bill. However, it must be conceded at once that clause 19 was not a provision of leading importance in the bill; it certainly was not a clause particularly directed to affecting the revenues of the treasury.

Mr. Benidickson: Did my hon. friend say "particularly affecting the revenues"?

Mr. Fleming (Eglinton): Yes. It would have had some effect, but probably a very slight effect indeed, upon the revenues. Had it been otherwise the government could not have accepted this amendment by the Senate, having regard to the provisions of the standing orders of this house, particularly Nos. 63 and 64, and the long cherished rights and privileges of this house.

I wish to emphasize, Mr. Speaker, that the government does not concede any right or power on the part of the Senate to amend money bills. Had this been a more serious matter, or had this amendment related to something affecting the revenues, I would have considered it my duty to challenge any infraction of the privileges and rights of this house thereby created.

In a word, Mr. Speaker, the position is the same as that which confronted this house on September 15, 1917 on a Senate amendment to the income war tax act at that time, and again on June 11, 1941 on a Senate amendment to a bill to amend the special war revenue act. I propose to follow the same course that was pursued by my predecessor, Sir Thomas White, with the concurrence of Sir Wilfrid Laurier on the first occasion I have mentioned, and by my predecessor Mr. Ilsley on the second occasion. Having regard to the circumstances I have already mentioned and to the advanced stage of the present session, now in its final week, I move:

That the said amendments be now read the second time and concurred in; but that this house, while disapproving of any infraction of its privileges or rights by the other house, in this case waives its claims to insist upon such rights and privileges, but the waiver of said rights and privileges is not to be drawn into a precedent.

And that a message be sent to the Senate to acquaint their Honours therewith.

The Acting Speaker (Mr. McGee): Is it the pleasure of the house to adopt the motion?

Mr. W. M. Benidickson (Kenora-Rainy River): The house will recall, Mr. Speaker, that this slight controversy with the other place with respect to the important section amended relates to a matter that we on this side of the house drew to the attention of the Minister of Finance when his resolutions were advanced. I was one of those who on May 4, when the resolutions were before the house, indicated that I was in good company in that I found taxation experts across the country described the proposed amendment as an enigma. They, like myself, from their experience could find no real, concrete example to justify the amendment. Like myself, they thought the law existing at this time had, throughout its history in broad and important lines, been to the advantage of the economy of this country.

At that time I gave some illustrations. We were, of course, aware of the most prominent foreign business corporation, namely Brazilian Traction Company. In the debate it was indicated that we well knew that this company had a fairly substantial number of head office people in the city of Toronto. The company had been organized in Canada. It had respect and regard for Canadian interests as a result of their background. I indicated that I remembered that this corporation, for instance, had been an applicant for export credit insurance with respect to substantial purchases that were made from Canadian manufacturers for use in the foreign country in which the actual operation took place.

Mr. Fleming (Eglinton): Will my hon. friend not agree that that company would not have been affected at all by this measure?

Mr. Benidickson: Oh, quite so. But the point we were trying to make at that time was to obtain from the minister concrete examples of deleterious effects to Canada as a whole that were resulting from the existing law. The minister did give a couple of examples. Again, out of consideration for the house, I am not going to repeat them; I am simply going to give the reference. The minister gave two references after a great deal of pressure from our side. He was prepared to keep them a secret and just indicate that in his opinion and that of the officials, this was a desirable amendment, and that we should simply take his word for it. But at page 3305 of *Hansard* of May 4 the minister did give

some illustrations of possible tax evasion or the possible setting up of a tax haven that would result under existing section 7 (1) of the Income Tax Act.

Again it is a matter of public record—and I am not going to take the time of the house to repeat some of the evidence—that in the other place they did have a discussion of this matter in the Senate banking and commerce committee. That is a procedure that was not followed here. I admitted that it is not too usual on budget bills to examine the tax officials in a Commons committee. However, in the other place they did have a thorough examination of the resolutions, and they examined officials of the national revenue department and officials of the minister's Department of Finance. Then by quite a substantial vote they decided that in their opinion they had not been presented with evidence indicating that the proposal was likely to be advantageous to Canada but that, on the contrary, it would be better for Canada to have the present law continued.

The minister, of course, told this house in May that in the meantime he was proposing to examine carefully into all the ramifications of this particular law. I want to indicate that as I read the evidence in the Senate committee, the discussions, the debates and so on in the other place, it would appear to me that the examples given by the minister at page 3305 of our *Hansard,* to which I referred, did not stand up as examples that should worry us unduly with regard to any tax loss for Canada.

The minister referred to the question of whether or not the Senate should, under our rules, have authority to amend what is called in common language a money bill. The minister also made reference to the precedent of 1917, but his conclusion is rather different from mine. I understand that in 1917 the then leader of the opposition, Sir Wilfrid Laurier, did not, as the minister has indicated, concur in the proposal. My information is—and I have had a very brief opportunity to look at the precedents—that Sir Wilfrid Laurier, then leader of the opposition, resisted the motion. I have here a quotation from his remarks at that time, to this effect:

> —this house alone has the privilege of dealing with money bills. The only right the Senate has is that of rejecting or assenting to such money bills.

The minister has indicated to us that the effect on the revenues by this amendment is inconsequential. He has decided in view of that fact not to regard this as a precedent, but on the contrary simply to accept it reluctantly without it being binding in future.

Mr. Fleming (Eglinton): If my hon. friend will permit me to say so, I think he will find that while Sir Wilfrid took that firm position, as did the minister of finance and the Speaker at that time, in the final analysis it was thought that having regard to the advanced stage of the session, the house would not press the matter to a conclusion but would accept the amendments, and stated its waiver in terms similar to those of my motion today. But Sir Wilfrid did concur at the final stage.

Mr. Benidickson: Mr. Speaker, we are in rather an amusing position in that in both the resolution of 1917 and that of 1921 the words of the motion of the House of Commons were in these terms:

> The waiver of the said rights and privileges is not to be drawn into a precedent.

My hon. friend today, of course, sort of adds precedent to precedent, and I hope he will have some further explanation to make.

Mr. Fleming (Eglinton): Mr. Ilsley did the same thing.

Mr. Benidickson: That was the second precedent, but precedents build on each other and get increased strength from repetition. The important thing I would like to bring to the minister's attention is this. I would like to hear his reply to the evidence of public availability, the evidence before the banking and commerce committee of the Senate, and the debate after that committee reported to the Senate on June 16 and 17, I think it was, in which I felt that the other place had completely destroyed the examples which were given to this house by the Minister of Finance on May 4 as possibilities of tax avoidance deleterious to the interests of Canada. I would hope that the minister would give some reply to the evidence, which I have no doubt he has read, given in the other place.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I am not—

Mr. Speaker: May I say, before the hon. member begins, that I would like to deal with a question of order which arises on this motion, and I think it might be more convenient to deal with it before the minister replies.

Mr. Argue: Mr. Speaker, I do not intend to deal in any way with the merits of the action that has been taken by the Senate. The responsible minister, the Minister of Finance, acting for the government is prepared this time to accept these amendments but to declare that by our acceptance the House of Commons in no way waives its rights and privileges.

I do not think we can emphasize too strongly that with regard to money bills it should be the sole right of the House of Commons not only to originate them but in fact to have them passed in their original form. It is impossible under the British North America Act for the Senate to initiate money bills. If it is assumed that the Senate has the right to amend money bills, then they can use the right to amend money bills to circumvent the rule that they cannot initiate money bills. Such a bill as this could be amended in so many ways and to such major extent as to make the new bill beyond recognition, and in fact then give to the Senate a power that it does not have.

I wish the hon. member for Kenora-Rainy River had made a forthright statement as far as the rights of parliament and the rights of the House of Commons are concerned, rather than going into substantial detail on the merits of what the Senate is doing. I would think if the Senate continues in future this very regrettable practice, we in the House of Commons should consider how the Canadian constitution can be appropriately amended to make certain that money bills are not only the prerogative of the House of Commons to introduce, but that this right shall not be usurped by the Senate through major amendments.

I think, particularly in the context of the political make-up of the Senate at this time, a forthright statement by the hon. member for Kenora-Rainy River would have been even more significant. It is regrettable to me that the great Liberal party, once a party of reform, once a party of small "l" liberalism, has now become a party of the right, a party that defends the status quo, a party that has failed in this instance to assert beyond question the rights of the Canadian House of Commons with regard to money matters. I say that such a statement should be made by the Leader of the Opposition, particularly when one considers the division of party affiliation in the other place.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker—

Mr. Speaker: Is the Prime Minister going to speak to the point of order which arises or on the substance of the motion?

Mr. Diefenbaker: On the substance of the motion.

Mr. Speaker: Then perhaps it would be more convenient if he proceeded now. I thought I should indicate the point of order which seems to me to arise on this amendment, at some stage before the matter is dealt with.

[Mr. Argue.]

Mr. Diefenbaker: Then may I defer my remarks.

Mr. Speaker: Briefly it is this. Although the point is broadly, I suppose, a constitutional issue and it is not my function to decide constitutional issues, we do have a standing order of the house which creates a problem to which I would like to draw the attention of hon. members at this time. The standing order in question is No. 63. The house has declared its position with respect to the alteration of money bills by the other place in standing order 63, and I consider that I am bound by that standing order and that the house is bound by it unless it is prepared to suspend the rule. Standing order 63 says:

> All aids and supplies granted to Her Majesty by the parliament of Canada, are the sole gift of the House of Commons, and all bills for granting such aids and supplies ought to begin with the house, as it is the undoubted right of the house to direct, limit, and appoint in all such bills, the ends, purposes, considerations, conditions, limitations and qualifications of such grants—

These are the significant words.

> —which are not alterable by the Senate.

So as the House of Commons we have adopted standing order 63 in which we declare that bills to grant aids and supplies, in other words money bills of this kind, not only must originate in this house but are not alterable by the Senate.

We have before us now an alteration of such a bill which the Senate has made and sent back to us for consideration. I intervene in this way because of citation 104 in Beauchesne's fourth edition in which it is stated:

> It is the function of the Speaker to direct the attention of the house when an occasion arises to a breach of its privileges in bills or amendments brought from the Senate, and to direct the special entries to be made in the *Journals* by which the house, in respect of particular amendments, signifies its willingness to waive its privileges without thereby establishing a general precedent.

The matter has been raised by both of the hon. members who have spoken, but it seems to me to involve more than a question of agreement. It involves a question of the privileges of the house which have been enshrined in a rule—standing order 63—and if the house in its wisdom feels that the circumstances are such that it should waive its asserted privileges in this particular case, by doing so it in effect suspends rule 63. Therefore the view which I take is that unless the amendment properly suspends rule 63 it would require the unanimous consent of the house at this time to pass the amendment which is proposed.

In other words, the amendment would not only do what it purports to do, that is, to accept the alterations by the Senate, but it

would also, in effect, suspend rule 63 for the purpose of doing so. That is the problem that I wish to present to the minister for consideration.

Right Hon. J. G. Diefenbaker (Prime Minister): I do not wish to reiterate what has already been said by the Minister of Finance (Mr. Fleming), except to say it has always been very clear as a matter of constitutional practice that the other place shall not interfere with supply, that money bills shall not originate in that body or be amended by that body. That principle is asserted in the motion made by the Minister of Finance today, and the waiver is apparent in the words which are used in the motion:

> That the said amendments be now read the second time and concurred in; but that this house, while disapproving of any infraction of its privileges or rights by the other house, in this case waives its claims to insist upon such rights and privileges, but the waiver of said rights and privileges is not to be drawn into a precedent.

I think the wording of the motion actually has the effect which Your Honour had in mind when you pointed out the situation resulting from the effect of section 63 of the rules. Throughout the years this has been the means whereby this particular rule or section has been waived on the part of the House of Commons.

There are a number of examples—not very many—in which a similar course has been followed. Mention was made a moment ago of the case in 1917, the ruling of the Speaker, resuming an adjourned debate on the proposed motion of Sir Thomas White for the concurrence in amendments made by the Senate to Bill No. 117, an act to authorize the levying of a war tax upon certain incomes as reported on September 15 of that year. It was resumed from Friday, September 7, on which date Sir Wilfrid Laurier in the clearest and most unequivocal language pointed out that this right of the House of Commons should not be in any way circumvented by the other place. The Speaker then made a ruling which, with the leave of the house, I am going to read:

> On a previous occasion when this motion was under consideration, two points of order were taken by the hon. the leader of the opposition, (1) that the Senate has no power to amend a money bill, and, (2) if the Senate makes such an amendment, in view of rule 78, the house is bound to insist on its privileges and reject the amendment.
>
> As to the first point, it is beyond question that, in view of section 53 of the British North America Act, bills appropriating any part of the public revenue or for imposing any tax or impost must originate in the House of Commons; and there is no doubt that the Senate has neither power to increase the tax or impost nor to change the incidence of the burden of any such tax or impost in any such bill originating in this house; but the question whether the Senate can make such amendments as have been made in the bill now under consideration is a point of constitutional law in respect to which it would I think be improper for me to undertake to give an official decision. Matters of such high constitutional import are for the house and not for your speaker to determine.

In that connection, may I say that the declaration there represents the constitutional position. I will continue to read from this ruling:

> With respect to the second point, viz., that rule 78 prevents the house from entertaining the present motion, while this rule is an affirmation of what this house considers its powers and prerogatives, there is nothing contained in it or any of our rules which prevents this house from adopting as its own, amendments such as this now under consideration.

I point that out to you, sir, because I think it answers the point of order which you have drawn to the attention of the house. Continuing the quotation:

> In the year 1874, amendments of the Senate to a bill originating in this house were concurred in with the reservation that such action was not to be construed as a waiver of its rules and privileges. While the action of this house in the year 1874 was with respect to a bill dealing with dominion lands, and the present bill deals with taxation, in my judgment the principle involved as to the authority of this house to waive under stated conditions its rights and privileges is the same.

I think, sir, with great respect, that this covers the particular matter that you directed to the attention of the house.

Mr. Benidickson: Could I ask the Prime Minister a question? He did not argue specifically on the point that perhaps, as suggested by the Speaker, this would require unanimous consent.

Mr. Diefenbaker: I am not going into that at the moment. The question of unanimous consent was another portion of the suggested argument advanced by the Speaker. I was dealing, first, with the question as to whether or not there could now be a waiver by the means adopted in the motion put forward by the Minister of Finance. And then the Speaker, in 1917, went on to say:

> After careful consideration, I am of the opinion that the motion of the Minister of Finance is in order, but should it be accepted by this house I shall give directions to the clerk to make a special entry in the *Journals* of the house to the effect that this house, while disapproving of any infraction of its privileges or rights by the other house, in this case waives its claims to insist upon such rights and privileges, but that the waiver of the said rights and privileges in this case is not to be drawn into a precedent.

I point out, sir, that the wording is much the same in the motion put forward by my hon. friend the Minister of Finance. At this point, Sir Wilfrid Laurier said:

> I have nothing to say as to your ruling, sir, but I would suggest that, instead of the caveat proceeding from the Chair, it should be part of the motion itself.

Mr. Speaker: With the respect to the point raised by the right hon. member, there is no objection, so far as I am concerned. I may say that I am guided in taking the action I have taken by similar action on the part of the Speaker of the British House of Commons in respect to an analogous case some ten years ago.

Mr. Murphy: Does the precedent to which Your Honour has just referred also extend to the entry which you purpose to have made in the *Journals* of the house, as emanating from the Speaker rather than from the house?

Mr. Speaker: I have used the exact language of the Speaker of the British House of Commons, except that I have added a line taken from the entry made in the *Journals* of this house in 1874.

Generally, as to the right of the house to waive its unchallengeable right on the part of the House of Commons not to have its money bills or legislation changed or altered in the other place, it is very clear that that right exists and that it can in particular cases be waived.

I believe the latest example can be found in 1947 and I particularly recall an example that occurred on June 11, 1941. On that occasion there had been a similar action taken by the other place in respect of a money bill. This is reported in the *Journals* of the house for 1941 at page 491 in these words:

Mr. Ilsley then moved,—That the said amendment be now read the second time and concurred in; but that this house, while disapproving of any infraction of its privileges or rights by the other house, in this case waives its claims to insist upon such rights and privileges but the waiver of said rights and privileges is not to be drawn into a precedent; and, further, that this house agrees to the incorporation in this bill of Bill No. 101, an act to amend the Special War Revenue Act.

The question was asked by the hon. member for Kenora-Rainy River (Mr. Benidickson) as to whether or not it would require unanimous consent on the part of the house. Without going into that question directly, I think perhaps that as a whole, while strongly asserting the right of this house to be the sole emanation for legislation connected with finance, taxation and the like—and I hope that will be the view of this house—in view of the motion of the Minister of Finance the house will give unanimous consent to that motion. The house will thereby assert in the clearest and most unequivocal language the undoubted constitutional right of this house, so that there can be no doubt that in allowing an amendment in this particular case there shall be no suggestion of precedent established and no future basis for the assertion in the other place of its right to continue this course.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, it seems to me that a very important constitutional principle is involved in this matter. I am sure we all feel that we have a duty to ensure that the rights and privileges of this house are not violated, circumscribed or abridged by any action which we might be taking arising out of action taken in the other place. The rights and privileges of the House of Commons are well known in this matter and the limitations on the action of the other house in respect of those rights and privileges are also well known.

The Prime Minister (Mr. Diefenbaker) has just said that we must make perfectly certain that our rights are clearly expressed in any action we may take and that nothing that could constitute a precedent should be established, but in order to justify the action we might desire to take this afternoon reference has been made to action taken previously which was taken at that time on the understanding that it would not be a precedent. So action does become a precedent when you refer to it to justify action which you may take but which you do not wish to be taken as a precedent. That is the difficulty we are in, as I see it.

The Minister of Finance (Mr. Fleming) said a few moments ago, I believe, that the government accepted this course reluctantly. If the government's reluctance was due to the substance of the amendment in question, it seems to me all the more surprising that the government would take this particular course. If the government's reluctance is due to misunderstandings which may be created in the future because of the procedure we are following and because of the possible effect of that procedure on the rights and privileges of this house, then it seems surprising to me that having this reluctance the government would pursue this particular course.

Why should we run the risk—even if it is only a risk—of waiving our rights in this matter as a House of Commons if some other course could be followed which would accomplish the same purpose, if it is the intention of the government to make this change in the legislation? Could the government not take its responsibility in this matter, if it so desires, and introduce an amendment to its own bill in its own right without referring to any amendment from any other place? Would that not be a possible course of action? Would that not be the best course to be followed? If that course could be taken, I can assure the government that we would certainly do everything we could to expedite the procedure.

Mr. Diefenbaker: Mr. Speaker, I should like to ask my hon. friend this question. Is not the course that has been suggested by the Minister of Finance that which has been followed by successive governments since 1874 in particular cases?

Mr. Pearson: Mr. Speaker, the Prime Minister and the Minister of Finance made it quite clear that this course has been followed twice previously. Perhaps that itself illustrates the danger into which we may be leading ourselves because on both those occasions it was understood that the course that was followed was not to be taken as a precedent. It is now being taken as a precedent and used to justify this course. On at least one of the occasions to which reference has been made —the amendment to the Special War Revenue Act of 1941—Mr. Ilsley, in part at least, justified the course he was taking, which was not to be taken as precedent, by saying that the amendment in question was scarcely a revenue amendment at all.

I take it from what the minister has said that there is no doubt on this score in the present instance. This is a revenue amendment and so the position is not even in substance exactly the same as in 1941 which has been advanced as a precedent.

Again I ask the Prime Minister and the Minister of Finance what objection could be taken to the course I have suggested, that the government itself introduce on its own initiative and on its own responsibility an amendment for the purpose the government has in mind?

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I am speaking on the entire issue now before us. I believe this places a great responsibility on your shoulders. I rise to ask that the rights of parliament and the traditions of centuries be maintained through your voice and on your advice.

If what the Prime Minister (Mr. Diefenbaker) said is correct, this House of Commons can make changes by unanimous vote or agreement. But, Mr. Speaker, I want to say as emphatically as I can that although the house has the right by vote to make changes, you are as Speaker the embodiment of the rights of parliament and of the traditions of centuries.

There are two main traditions of centuries. One is that the monarch cannot enter the House of Commons; only the monarch's representative can do that by knocking on the door. But the second is that what is known in Great Britain as the House of Lords and as the other place in our country cannot interfere with the right of the House of Commons on taxation and on expenditures. Because this right has been broken in the past we are now asked once again to break it.

Mr. Speaker, the Leader of the Opposition (Mr. Pearson) was quite correct a few moments ago when he said that what was established once would not be a precedent, but again we are asked to do what, to break, not the precedent of 600 years that a monarch cannot enter here but that what is the other place, the House of Lords in the mother of parliaments, the United Kingdom, be given the right to break the precedent of the control of the House of Commons over taxation. I say to you, sir, with all sincerity as a traditionalist, as one who believes so much in democracy and in those who fought and died to lay down those principles, that if this is done you should make it obvious in this House of Commons that we shall not again break what has been established in the past and allowed to be broken in the past. If parliament and democracy mean anything, let us maintain the tradition and the power of this house. I am most amazed that the Prime Minister would be the one to suggest that we now do it again.

Mr. Speaker: I accept as obvious a good deal of what has been said in the course of the discussion of this rather serious matter involving the relationships of the houses of parliament and the privileges of this house. It is undoubtedly true that the house has done what is proposed now to do again and can do it again, provided it takes the proper course to do so. The precedents are, like this one, those which have arisen at the end of sessions when a money bill has been rejected by the other place and when perhaps the house was not disposed to enter too deeply into constitutional arguments; but if this motion is properly before the house it is for the house to decide whether it wishes to do again what it has done before and what it can do again.

This is the point that troubles me, and I have come to the conclusion that the motion which has been proposed by the Minister of Finance (Mr. Fleming), if it in effect amounts to a waiver of standing order 63, would require notice. That was why I said that because standing orders can be suspended only by an order of the house made on proper notice or by unanimous consent, that is why I suggested because no notice had been given that unanimous consent would be necessary before we could enter on a discussion of this motion and before this motion could be voted upon.

It may be that the house is prepared to have the matter dealt with in that way and I would say that perhaps that would be the way for the house to decide whether it wishes to follow this precedent again or whether it does not wish to follow it. It can decide that by voting. If the house allows this motion to come before it today by unanimous consent. If it will not allow this motion to come before it by unanimous consent today, then the government of course is free to give notice

of this motion and bring it on in the usual way at a later time. I suggest then, with the permission of the house, that I ask now whether unanimous consent be given for the minister to introduce this motion today? I have in mind that it has the effect of suspending standing order 63. The house could then proceed with a discussion of the motion and to a vote on the motion when that discussion is concluded. Is the house prepared to give the minister unanimous consent to introduce this motion?

Mr. Pearson: No.

Mr. Winch: Are you, Mr. Speaker, prepared to advise the house on the powers of this house and whether or not you think this is proper?

Mr. Speaker: I have indicated that it is for parliament to decide what will be the disposition of this motion. My concern is rather a procedural one, the matter of bringing this motion before the house so that it can deal with it. If the government cannot do it today, it can do it again; therefore, it seemed to me that it might be the course of wisdom and economy of time to give the minister unanimous consent to have this motion brought before the house. Is the house prepared to give unanimous consent at this time to this motion being brought before the house for debate and to be voted on?

Hon. L. B. Pearson (Leader of the Opposition): In view of the constitutional implications of this matter and its importance, I think the government should take its responsibility and put a notice on the order paper and discuss it in due course. I am sure if the matter comes up for discussion there will not be any delay as far as we are concerned. Our views have already been made known in regard to the proposition itself.

Mr. Speaker: In the absence of that unanimous consent I have come to the conclusion—and I may say I appreciate that it may not be in accordance with the views of all members of the house—that this motion is not properly before the house now. Notice must be given on the order paper. I say that because of the practices which we have followed and which are set out in Beauchesne's fourth edition, citation 10, and because of the view that I take that in effect this motion is a suspension of standing order 63. The citation reads:

> Standing orders may be suspended for a particular case without prejudice to their continued validity, for the house possesses the inherent power to destroy the self-imposed barriers and fetters of its own regulations. It may even pass an order prescribing a course of procedure inconsistent with the standing order. A motion for such temporary suspension requires notice under standing order 41, but in urgent cases the notice can be waived under standing order 42.

It seems to me that that is the thing to do; in the absence of waiver by the house the motion is not to be proceeded with.

Hon. Donald M. Fleming (Minister of Finance): Before you leave that matter, Mr. Speaker, may I point out that on previous occasions where this course was followed the point was not raised that unanimous consent was required. The same standing order, of course, has been in effect in this house for many years. But rather more specifically on the point than the citation which you read, if I may say so, is citation 281, the concluding portion of which reads:

> The question whether the Senate has power to amend a bill to impose taxation is a point of constitutional law in respect of which the Speaker must not give an official decision; but the house may adopt as its own the amendments made by the Senate and order that a protest be entered in the *Journals*.

Therefore, what the government has done is simply and completely in keeping with the course that has been followed on previous occasions where the issue was precisely the same. The point is that unanimous consent was not involved. The standing order to which reference has been made was in effect on those occasions, Mr. Speaker.

Mr. Speaker: May I say that the minister has introduced a further consideration. I am not, in my view, making any constitutional decision. I am dealing simply with an order of the house, standing order 63, which it is my duty to enforce. The purport of that order is that a money bill is unalterable by the Senate and unless that order is suspended I do not see how I can permit alterations of a money bill by the Senate to be brought before the house for approval.

I take the view that if the rule is to be suspended, it must be suspended in accordance with our practice. It is purely a procedural matter, so far as I am concerned, and therefore if the house would give unanimous consent the matter could be dealt with, without notice, under standing order 42. However, in view of standing order 42, we cannot proceed with it without proper notice. Standing order 42 says:

> A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the house without notice having been given under standing order 41.

However, it still requires unanimity, and that apparently we do not have.

Mr. Winch: May I ask a question of the Minister of Finance?

Mr. Speaker: Order; I think the matter is disposed of, unless some hon. member wishes to protest the ruling of the Chair. This concludes the matter for the time being.

FINANCE

MEASURE TO PROVIDE ADDITIONAL GRANTS TO NEWFOUNDLAND

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-72, to provide for the payment of additional grants to the province of Newfoundland.

Mr. Pearson: Is the minister going to say anything about this bill?

Hon. Donald M. Fleming (Minister of Finance): I think there is no occasion for me to make any statement on this motion for second reading. Yesterday I reviewed at some length the history of this matter in the debate on the resolution preceding the bill. I think that I cannot, at this point, usefully add anything to what I said yesterday. The bill, as I indicated in my remarks at the resolution stage, is brief in its operative clauses but contains important recitals.

The first recital refers to the terms of article 29 of the terms of union. The second recital refers to the appointment of the royal commission in accordance with the terms of article 29. The third refers to the report of the royal commission and its recommendations, and the fourth contains a statement of undoubted fact, namely that both the government of the province of Newfoundland and the government of Canada have recognized the great difficulties inherent in determining future payments on an equitable basis from the experience of one selected year. This is the great difficulty that confronted the royal commission and virtually defied its efforts to find a suitable basis of recommendation, in the light of the very difficult, vague and nebulous terms of article 29.

The next recital refers to the fact that since the report of the royal commission was made the government of Canada has proposed a comprehensive study of dominion-provincial fiscal relations in co-operation with the provinces and all—I underline that word "all"—of the provinces have agreed to participate therein.

Then, the next paragraph contains a recital which is of some considerable importance in the light of the requests made repeatedly by those who spoke for Newfoundland for a review, some future review, of the fiscal relations between Canada and Newfoundland in relation to this matter of grants. It reads—

Mr. Pickersgill: Would the minister permit a question? Will the minister not concede that on several occasions the review that was asked for by Newfoundland was asked for on the basis of term 29 and no other basis?

Mr. Fleming (Eglinton): No, I will not concede that for one minute, Mr. Speaker. I read extracts yesterday from the language used by Mr. Goldenberg, the counsel who represented Newfoundland before the royal commission, in which he stressed more than once the fact that Newfoundland was not asking the royal commission to recommend any payment for an indefinite period. He stressed repeatedly he was asking for a review. In discussion yesterday I referred also to the fact that Mr. Smallwood and those associated with him, asked last January, for future reviews. As I pointed out, in asking for successive reviews at periods—a period of eight years was mentioned—what was involved, in effect, was moving the yardsticks forward each time which could not, by any stretch of the imagination, be said to be a review in pursuance of the terms of article 29.

I think it is quite clear, Mr. Speaker, that if there had been any doubt in the minds of hon. members it must have been removed yesterday by the quotation from the language used by Mr. St. Laurent in this house in February, 1949 when he drew attention to the fact that all term 29 says is that eight years after union comes into effect the federal government shall appoint a royal commission to review and to recommend.

Mr. Pickersgill: A travesty.

Mr. Fleming (Eglinton): As Mr. St. Laurent pointed out, that was all it did; it created no continuing obligation. It was left then for decision on the part of parliament as to what steps, if any, should be taken in the light of the recommendation which such a royal commission might choose to make.

Coming back now to this matter of the review, what is proposed by this government is that as from April 1, 1952 the comprehensive review of federal-provincial relations which has been agreed upon by all the provinces should embrace the fiscal relations between Canada and all the provinces, and that means between Canada and Newfoundland. Having regard to the history of this matter, to what has happened since union with Newfoundland in 1949, any special circumstances affecting Newfoundland in this matter of fiscal relations between the federal government and that province should be taken into account in the course of that comprehensive review. It is within that comprehensive review that the fiscal relations

between Canada, on the one hand, and the province on the other, are going to be governed in the period following April 1, 1962.

I am not going to delay the house by repeating the point which I made yesterday. It seems to me to be one of fundamental importance in this matter that outside the constitutional subsidies which are payable to the provinces, including the province of Newfoundland, there is nothing contained in any binding statute—I put it yesterday, nothing in black and white—that governs the fiscal relations between the dominion, on the one hand, and the provinces or any of them on the other, after March 31, 1962. Therefore, in proposing a review which will take account of any special circumstances of Newfoundland in her financial position after March 31, 1962 we are, in my respectful submission, giving what was sought by Newfoundland on the occasions which I have mentioned.

It is indeed going beyond the terms of the article of union and it is in my submission to this house proceeding in a way that is an expression of the desire of all Canadians and of this Canadian parliament to be just and fair in its treatment of Newfoundlanders having regard to the warmth of welcome that Canada extended to Newfoundland when it became the tenth province in 1949. Therefore this present recital puts the parliament of Canada on record in a manner which is perhaps without direct precedent but it is put forward in this form to give assurance to all reasonable persons in Newfoundland that any special circumstances affecting the province of Newfoundland will be taken into account in determining the fiscal relations between Canada and Newfoundland after March 31, 1962.

The bill proposes that the treasury of this country be bound to pay to Newfoundland every cent that was recommended by the royal commission up to the 31st day of March, 1962.

Mr. Pickersgill: And then the constitution goes out the window.

Mr. Fleming (Eglinton): That is to be read along with this accompanying assurance to be found in this recital:

> Whereas in the course of such review any special circumstances relating to the financial position of the province of Newfoundland after the 31st day of March, 1962, would be taken into consideration;

Therefore if this house chooses to adopt this bill the house will be putting itself on record on those terms; and in my respectful submission, Mr. Speaker, nobody who approaches this matter in a reasonable light could expect the parliament of Canada to go further under the circumstances. The next recital proceeds as follows:

> Whereas pursuant to the recommendations made by the royal commission established in fulfilment of the obligation of the government of Canada under the said term 29, it is now desirable to enact a measure to provide for additional grants to the province of Newfoundland.

Then follow the operative provisions of the bill and provision is there made for payment to Newfoundland of all of the sums which were recommended by the royal commission up to the 31st day of March, 1962.

Mr. Speaker, yesterday something was made or, as perhaps I should more accurately say, something was attempted to be made in argument that the word "thereafter" appearing in the final paragraph of the report of the royal commission means forever and forever thereafter. In my respectful submission, Mr. Speaker, that is an interpretation which that language will not bear, even in the most strained interpretation. The fact is that the royal commission, faced with the strong argument from counsel for the province of Newfoundland urging review, would have proposed a review at a named date if they had felt that they had the power to do so. But unfortunately for that purpose, the terms in article 29, as drafted, whether those who were in the federal government in those days and the government of Newfoundland in those days were responsible for it, do not take into account all the difficulties or burdens that were cast upon the shoulders of a royal commission in asking that royal commission to project into the future, however far they might attempt to do so, recommendations of a financial nature based upon evidence of what had occurred up to that time.

I am perfectly satisfied that if those who drew article 29 had had the foresight to enlarge that term to include within the ambit of the reference to the royal commission the power to make a recommendation with regard to a future review, this royal commission would have followed that course. They would have named some particular period and said, "That is as far as we can see ahead and at that date we wish that there should be some further review". But article 29 did not make any such provision. The royal commission therefore felt itself circumscribed and therefore it used this word "thereafter" knowing perfectly well that the competent counsel for the province of Newfoundland had said to it in his submission, "These payments are not being asked for indefinitely" because they were dealing with a period which was expected to be of limited duration.

Mr. Pearson: May I ask the minister whether he ever discussed this interpretation of their responsibilities with any members of this royal commission?

Mr. Fleming (Eglinton): I have refrained from doing so because I would not have considered it proper to do so.

Mr. Pearson: Why interpret then?

Mr. Fleming (Eglinton): I think it is perfectly obvious to anyone who approaches this question with an open mind and with a desire to arrive at reasonable readings, reasonable interpretations and reasonable conclusions, instead of indulging in the kind of sophistry that was resorted to by some hon. members yesterday that they cannot make the word "thereafter"—

Mr. Pearson: What does it mean?

Mr. Fleming (Eglinton): —by their contention, stretched and strained, to mean forever and forever.

Mr. Pearson: What does it mean?

Mr. Fleming (Eglinton): It means for such a period as was within the contemplation of those who drew this reference and those who were speaking for Newfoundland when they said this was not for an indefinite period.

Mr. Pearson: What period was it? One year?

Mr. Fleming (Eglinton): That would be something having regard to the financial situation which is precisely the matter which the undertaking given yesterday and now inscribed in the recitals in this bill makes clear provision for. This is a sensible way of dealing with this matter; and having regard to the desire on the part of this government for good relations between Newfoundland and all parts of this country, what we are doing here is not only sensible and reasonable but it is also the way which, in the long run, will most effectively contribute to establishing a sense of fairness in the dealings between Canada and the province of Newfoundland.

This is not a matter that should be prejudged now in the way in which some hon. members for Newfoundland constituencies sought to judge it yesterday.

I remind them that this article 29 has been quite obviously oversold. It has been subjected to interpretations which that term never could have borne in the minds of those who are prepared to read it carefully and interpret it properly. If those words used by Mr. St. Laurent—

Mr. Pickersgill: May I ask a question?

Mr. Fleming (Eglinton): May I just finish? If those words used by Mr. St. Laurent in this house in February, 1949 had been carried with this article to the minds of those who have sought to place upon that article an impossible interpretation, then I am quite satisfied that this clause would not have been subjected to all the strains, to the overselling and to the misunderstanding to which it has obviously been subjected since. I therefore think the house is justified in receiving this bill as a constructive proposal for dealing with this problem in a manner that assures to Newfoundlanders that when this period of fixed, determined payments expires they have the assurance that in the review, which has already been initiated, of fiscal relations between the dominion and the provinces the special circumstances relating to the financial position of the province of Newfoundland after March 31, 1962, would in the language of this bill, be taken into consideration.

Mr. Pickersgill: The minister indicated that he would permit a question. The question that I should like to put to the minister is this. By whom does he consider that article 29 was oversold? Was it by the author?

Mr. Fleming (Eglinton): I think it is quite apparent, from statements which the hon. member himself has made, that he is one of those who have oversold or been oversold in the interpretation of this article. For correction of his misinterpretation I direct him to the language that Mr. St. Laurent used in this house in February, 1949, language which I quoted yesterday.

We accept the interpretation that Mr. St. Laurent put upon this article at that time. It is crystal clear. It is not to be perverted and it is not to be watered down in the manner in which evidently some hon. members would like to see it watered down. Here I place the essential part of it, not the total portion which I read yesterday but the essential part, once more on record, and I would like to say to the hon. Leader of the Opposition (Mr. Pearson) that I do not think he was forthright yesterday in dealing with it. If the Leader of the Opposition accepts the interpretation which was placed on this article by Mr. St. Laurent speaking in this house on February 7, 1949, then I say to him that he cannot reassert some of the propositions which he put before the house yesterday. Here is Mr. St. Laurent's interpretation which he put on this article, one which in my respectful submission is completely correct, not only correct in terms of law but in the spirit of it. It is the type of expression which would be re-echoed in

this house and is certainly re-echoed by this government. Mr. St. Laurent said, when speaking on article 29:

> There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission. It was felt by the Newfoundland delegation, and by the representatives of the Canadian government, that this was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of a royal commission.

Note, that he is saying there is no binding stipulation about what is to happen to the report of a royal commission or its recommendations. Those who framed this article decided it was better not to make any attempt at setting forth any stipulations as to what was to be done with the recommendations of the royal commission. Then he concluded with these words:

> It was felt that if there was an investigation and a report by a commission, in which the public at that time would have confidence, the legislators of that day could well be trusted to do what would prove to be right in order to make this enlarged nation a united nation continuing on its path of progress toward its great destiny.

Mr. Speaker, we are the legislators to whom Mr. St. Laurent referred in the closing passage, and I believe that in this measure we are fully maintaining the view that was expressed by Mr. St. Laurent at that time as to the course that the legislators could well be trusted to take today, having regard to the desire that this enlarged nation be a united nation continuing on its path of progress toward its great destiny.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the minister in introducing this bill expressed the hope that its main effect would be to strengthen the friendly feeling between Newfoundland and the rest of Canada, and to strengthen the unity inside our country. If that is his hope the reports that have already been received from Newfoundland of the action announced yesterday to be taken by the government indicate that that hope may not be realized.

This is a small bill but it is an important bill and it embodies a constitutional principle which is perhaps quite as important as the one we were discussing a few moments ago. That constitutional principle is simply whether the solemn obligation of Canada in respect of a pact between two countries will be carried out. This bill is a rejection of the recommendations of a report of a royal commission set up under term 29 of the act of union with Newfoundland. It is a rejection of the recommendations of that report, yet there is a preamble in this bill which reads:

> Whereas pursuant to the recommendations made by the royal commission established in fulfilment of the obligation of the government of Canada under the said term 29, it is now desirable—

And so on. This bill is not in pursuance of all the recommendations of that royal commission, and because it rejects a very important part of those recommendations it is a rejection of that report. Indeed, this very short bill is a final and irrevocable settlement, to use the Prime Minister's (Mr. Diefenbaker's) words, of the contractual obligations, to use his words again, of term 29 of the act of union. This is a settlement imposed by one party to the act of union on the other party. It is a settlement brought about in this House of Commons by the government without consultation or agreement with the government of the other party, the government of Newfoundland.

Mr. Fleming (Eglinton): There was consultation.

Mr. Pearson: There was consultation before this announcement was made. When the government decided to take this course it had not at any time consulted with the government of Newfoundland in the terms of this resolution and the terms of this bill and tried to work out a course of action which would be acceptable to both parties to this act of union. Because the government did not do that, or make any attempt to do that, and because of the nature of this bill, I claim that this bill represents a repudiation of the act of union between two countries, and it weakens, and will weaken until it is rescinded, that union. It is unfair for that reason and it is a breach of faith with the people of Newfoundland. That is undoubtedly how it is being interpreted by the people of Newfoundland. It will cause disappointment. It has caused disappointment already and justified resentment in Newfoundland, and for that the government in introducing this bill is responsible.

This bill embodies exactly what the Prime Minister said on March 25 he would do. It embodies his interpretation of the nature of the recommendation of the royal commission, and I ask the hon. members on the other side of this house from Newfoundland whether they accept that interpretation, an interpretation repeated this afernoon, of the obligations imposed on a government under the recommendations of that royal commission. Certainly that was not the interpretation given to the recommendations of a royal commission by the hon. member for St. John's West (Mr. Browne), the Minister without Portfolio, some years ago in this house.

This bill ignores a word which is of no importance to the minister, but a very significant word in these recommendations. It ignores the word "thereafter", as having no

meaning or a meaning so limited as to be ridiculous. Indeed, according to the Prime Minister, the word "thereafter" has no existence at all. As he wrongly stated in Saskatoon on March 28, the royal commission intended in its recommendations to end all payments in 1962, that that was the meaning of the recommendations, and therefore the word "thereafter" not only had no meaning but no existence. Mr. Speaker, no doubt when we point that out we will be accused of quibbling with words. This bill is a decision of the government in respect of term 29 and of the recommendations of the royal commission appointed under term 29.

What happens now to term 29 of the act of union, a part of the act of union which was so important, and remained so important that if it had not been agreed on ten years ago there would not have been any act of union with Newfoundland?

What happens to the pledged word of the government of Canada under term 29 to take certain action? What happens to term 29 now? The minister has repeated his assurance to review the matter. One party to the contract will review the matter before 1962 as part of a general review of dominion-provincial financial relations where no such commitment as this is involved. The minister says: We will drop this special obligation, this solemn promise, into our seminar, into our study group, a study group which is, itself, an evasion of a promise.

Mr. Fleming (Eglinton): Does the Leader of the Opposition contend that the recommendations of the royal commission are binding on the federal government?

Mr. Pearson: Of course not. I said yesterday that no recommendation of a royal commission is legally binding on any government. But there is something which is more important than legality, and that is the moral and constitutional responsibility of this government to take no action which would interfere with the implementation of term 29 as long as that term is part of the act of union unless the changes made to term 29 are made by agreement between the two parties to the contract.

The minister said this afternoon that in this review which will be made by one party to the contract would take into consideration, before taking any decision as to the entitlement of Newfoundland under term 29, any special circumstances relating to the financial position of that province. He was saying: Though we do not mention term 29 in that connection in the preamble, we shall take into consideration any special circumstances. If that is the case, why not mention specifically term 29 as one factor to be taken into consideration? Again, I ask hon. members from Newfoundland who sit on the other side of this house whether they are satisfied with that commitment on the part of the government, namely that in this review the government will take into consideration all factors and then make up its own mind in the light of those factors regarding what should be done to carry out contractual obligations of this kind. This makes Newfoundland, the other party to the contract, entirely dependent upon the decision of the federal government in respect to the implementation of term 29.

Mr. Fleming (Eglinton): I do not want to interrupt the hon. gentleman if he would rather these questions be left—

Mr. Pearson: No.

Mr. Fleming (Eglinton): —but I am trying to follow this argument. How does he square what he is saying now with article 29? He is talking about promises, commitments and obligations. Where is the obligation created by term 29 except to appoint a royal commission, as Mr. St. Laurent pointed out?

Mr. Pearson: Mr. Speaker, the obligation under term 29 is for the federal government to give assistance to Newfoundland to ensure that the level of services, and so on—I need not quote the term because the minister knows what it is. The specific obligation was to set up a royal commission to see how that undertaking could best be implemented. The royal commission has made its report. This government has not accepted that report and does not provide any alternative to that report, nor does it even consult with the government of Newfoundland as to how term 29 can best be carried out.

Mr. Fleming (Eglinton): It is hard to recognize term 29 there.

Mr. Pearson: I suggest this is an exceptional example of centralization in our federal structure.

An hon. Member: No.

Mr. Pearson: It certainly is centralization. Here is a pact between two countries in consequence of which the federal government—the Canadian government—undertook to do certain things. It undertook to set up a royal commission which would make recommendations as to how term 29 could be implemented in the way laid down in the pact. Then, without, consultation of any kind with the government of Newfoundland with respect to this matter and without an effort being made to see whether this problem could be worked out by agreement, this government, representing one side of the union, brings in a bill which rejects a fundamental feature of

the recommendations of the royal commission, without I repeat, any consultation with the other party to the agreement.

Mr. Fleming (Eglinton): There was consultation.

Mr. Pearson: The fundamental feature of the recommendation which is rejected is that which reads: thereafter $8 million per annum until both parties agree to a change as a result of a review. The word "thereafter" does have a meaning. The minister says the government will make a review and perhaps make a change without any reference to the rights of Newfoundland to be consulted on the decision to be made after the review has taken place. Moreover, this promise, this commitment if you like, to review the situation is not even in the operative part of this bill, but is placed in the preamble to the bill. That, of course, is merely adding insult to injury.

So, we on this side will oppose this bill. Our party intends to stand firm on the commitments made and the obligations undertaken in the pact of union and at the time of union. We stand for carrying out that pact both in letter and in spirit. When the commitments of that pact are to be changed, that should be done not by arrogant imposition of federal decisions on a province but by consultation and agreement with Newfoundland. That, Mr. Speaker, is how we interpret what the Prime Minister calls a contractual obligation.

Finally, Mr. Speaker, when the responsibility is ours again we shall remove this injustice. We shall correct this violation of a contract and we shall make sure once again that the act of union is honoured in all its parts and is carried out as it must be carried out in letter and in spirit. When the people of Newfoundland joined their destiny and linked their history and added their glorious and honoured traditions to ours, they did not dream that ten years later the government of the other party to the contract would impose on them a decision, a settlement, without consultation with them; one, moreover, which does not carry out the recommendations of the royal commission set up under term 29 of the act of union and one which does not ensure that the obligations of that term will be carried out in the future through consultation and agreement between the two parties to the contract. For that reason I repeat that we shall oppose this bill as strongly as we can.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not going to speak at any great length. However, certain statements which have been made by the Leader of the Opposition (Mr. Pearson) deserve to be answered immediately.

Let me at once underline the fact that in so far as the Conservative party is concerned and in so far as this government is concerned we intend at all times to live up to the spirit of confederation and to carry out those terms which will assure a reasonable equality of opportunity everywhere in this land.

I am not going back to the beginning to the speeches that were made at the time of union but I want to underline once more a point that cannot be too strongly emphasized, that Mr. St. Laurent, the then prime minister, made it perfectly clear that the responsibility of the federal government under the act of union was the appointment of a royal commission. Although this has been placed on the record before, I intend to do so once again because the words that Mr. St. Laurent used are the words which are accepted by this government as representative of the proper interpretation to be placed upon article 29. At the expense of reiteration I shall read once more the words Mr. St. Laurent used as reported at page 289 of *Hansard* of February 7, 1949:

> It was also provided that within eight years from the coming into force of the terms of union a commission would be set up to examine the situation anew, and to report as to whether or not the terms provided are working satisfactorily and are sufficient to bring about the object of equalizing the lot of the people of the new province with that of the people of the older provinces.

I emphasize these words that have been referred to previously. There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission. Those words are clear, unchallengeable and unequivocal. It is all very well in the light of subsequent events to apply principles to the interpretation given by the then prime minister. In the light of subsequent events those in the opposition endeavour to leave the impression that what they meant by article 29 was not the actual reading and the proper interpretation on the basis of the words used, but the interpretation which they today place upon the words of the undertaking entered into at that time when Newfoundland entered confederation. One would almost think there was something sacrosanct about the findings of the royal commission and that Newfoundland was in agreement therewith.

I am not here for the purpose of indulging in any way in recriminations with the premier of that province, but I want to say this. His views of that royal commission and its findings were certainly not in keeping with the grand and eloquent phrases used today by the Leader of the Opposition.

Mr. Pearson: He thought it was ungenerous and wanted more. You are giving him less.

Mr. Diefenbaker: The premier did not think very much of the findings of that royal commission. This is what he said, as reported in the St. John's daily *News* of September 6, 1958:

The work of the McNair royal commission was a dead loss and the commissioners were a dead loss.

Those are the words of the premier of Newfoundland.

Mr. Pearson: He wanted more money.

Mr. Diefenbaker: With respect to the commissioners he went on to say:

I recommended the appointment of some of them, God forgive me.

Those, too, are the words of the premier of Newfoundland regarding the royal commission which has been spoken of in such eulogies by the Leader of the Opposition—

Mr. Pearson: And by the Minister of Finance (Mr. Fleming) yesterday.

Mr. Diefenbaker: Those are the words of the premier of Newfoundland. Those are not my words or the interpretation of the Minister of Finance. Those are the words of the premier regarding a royal commission about which at the time it was set up the premier said the choice of personnel could not have been better. As a matter of fact he spoke of that royal commission in the most touching manner. He referred to the high qualifications and the great capacity of the membership. Let me refer to his words as reported on February 25, 1957 in the Charlottetown *Guardian*:

A beaming premier Smallwood groped for superlatives Friday to express his delight at the choice of members for the royal commission to review Newfoundland's financial terms of union with Canada.

Work of the commission, whose appointment was announced in the commons Friday by Prime Minister St. Laurent, would be "of absolutely terrific importance to Newfoundland," Mr. Smallwood told a press conference.

The future of Newfoundland's "standards and levels of services will be determined by the recommendations of the commission," he said. It would recommend "the form and scale" of additional financial assistance.

He then went on to say:

Commission chairman John McNair, Chief Justice and former premier of New Brunswick, was "long a personal friend of mine," Mr. Smallwood said. Mr. McNair was "a famous fighter for maritime rights and after we went in for Atlantic provinces rights."

John James Deutsch was "probably the most knowledgeable man in all Canada of federal-provincial affairs." He was "a great friend of Newfoundland—a man of great sympathy for Newfoundland."

Of Newfoundland Chief Justice Sir Albert Walsh, third of the three commission members, Mr. Smallwood said "Newfoundland could be searched from end to end and we would not find a better man to represent Newfoundland on this royal commission. He is thoroughly informed."

Those were his words at the time of the appointment. Let us go on and see what else was said regarding the McNair report. The premier went on to say, on September 6, 1958, after the findings were made by the royal commission, as reported in the Ottawa *Journal* of that date:

I'm glad that there was a change of government in Ottawa following the last federal election.

Simply because these findings have been thrown into such a favourable light by the Leader of the Opposition today does not mean that they were acceptable then to the premier of Newfoundland. As reported in the same press article, the premier referring to the commissioner, said:

You couldn't budge them. They practically mutinied when we tried to show them pictures of our institutions.

In other words the attitude on September 6, 1958, was an attitude of disappointment. The amount asked for, as I recall it, by the Lewis commission was $15 million. The Lewis royal commission was set up by the province of Newfoundland to determine the whole question. The findings of the Lewis provincial royal commission as summarized at page 207 of the report are as follows:

1. That the government of Newfoundland is entitled to claim from the government of Canada an annual grant of $17 million over and above all other federal grants as the additional financial assistance required under the explicit provisions of term 29;

2. That the said grant should be paid annually to the province of Newfoundland commencing in the fiscal year 1957-58; and

3. That the amount of the said annual grant should thereafter be subject to periodic review.

Mr. Pickersgill: Could the Prime Minister say what he is reading from?

Mr. Diefenbaker: I am reading from page 287 of the Lewis provincial royal commission report. What did Mr. Smallwood say? I will have a few references to make about some of the things he said about those who today pretend in opposition that they are the friends of Newfoundland. I am going to refer to some of the statements he made respecting the type of treatment given to Newfoundland even during the days of the government of which the self-adopted son of Newfoundland the hon. member for Bonavista-Twillingate (Mr. Pickersgill) was a member.

Mr. Pickersgill: Could I ask the Prime Minister a question?

Mr. Diefenbaker: I will be giving the hon. gentleman further attention in a minute.

Mr. Pickersgill: The Prime Minister has been waiting a long time for this day.

Mr. Diefenbaker: I am quoting from the St. John's *Telegram* of July 28, 1958 a statement concerning the McNair commission report attributed to the premier of Newfoundland:

I hope that the Diefenbaker parliament will study the recommendations and see fit to make the grant larger and provide for a future re-examination into Newfoundland's requirements.

Then, he went on to say this:

I believe our own royal commission is right, and that the McNair royal commission wrong. We can make the $8 million a year do for the next few years but the royal commission set up to make recommendations under term 29 were not expected to look forward to a mere four or five years. They were expected to complete and finalize the financial terms. I hope that the government of Canada will not refuse, in the future, to re-examine the position in the light of further experience and its desire to live up to the true spirit in which confederation was born.

We have made provision for that in the bill which is now before the house in these words, something which the royal commission did not ask for, did not direct and did not recommend, something which the government of Newfoundland wanted, namely a review as to the circumstances. I am going to read those portions of the preamble set out in the bill which deal with our intention with regard to the future. When the Leader of the Opposition speaks of a breach of faith, let me quote him the words of Premier Smallwood regarding the findings of the royal commission. I shall also quote him in a moment some of the references to the former government and to the degree to which the former government had failed to discharge its responsibility to this new and great province of Newfoundland. Before I do so—

Mr. Pickersgill: Is that an excuse for you?

Mr. Diefenbaker: If the hon. member for Bonavista-Twillingate continues I will deal with the time he became a member over there and some of the promises made at that time and some of the eulogistic references he made to the premier of Newfoundland.

Mr. Pickersgill: I am rising on a question of privilege. If the Prime Minister can cite any promises of mines that I have not kept I should be very glad to have him do so.

Mr. Diefenbaker: Apparently I have already pointed out one.

Mr. Pickersgill: Go ahead and cite it.

Mr. Diefenbaker: If the hon. gentleman denies this I will accept his denial immediately. During the campaigns of 1953 and 1957 did the hon. gentleman not say that there would be a review of Newfoundland's position?

Mr. Pickersgill: I will answer that question. To the best of my knowledge I never said any such thing.

Mr. Diefenbaker: I think that sentence could well end on nothing. Let me read on.

Mr. Pickersgill: What difference would it make, anyway?

Mr. Diefenbaker: I shall be referring to the hon. gentleman in a moment, if he persists, because the record is replete—

Mr. Pickersgill: I will persist.

Mr. Pearson: You had better find it.

Mr. Diefenbaker: —with observations that I think might find their place on the record if I were not dealing with this in an objective manner. Mr. Speaker, we say this:

Whereas both the government of the province of Newfoundland and the government of Canada have recognized the great difficulties inherent in determining future payments on an equitable basis from the experience of one selected year; and

Whereas since the report of the royal commission was made, the government of Canada has proposed a comprehensive study of dominion-provincial financial relations in co-operation with the provinces, and all the provinces have agreed to participate therein;—

And this is the important section:

Whereas in the course of such a review any special circumstances relating to the financial position of the province of Newfoundland after the 31st day of March, 1962, would be taken into consideration;—

Let me make this clear. In that review regard, and full regard, will be had to assuring those conditions inherent in section 29 being upheld to the end that Newfoundland shall enjoy a reasonable degree of equality of opportunity along with the other provinces in this country.

Mr. Pearson: That is not the terms of the bill.

Mr. Diefenbaker: That is the essence of confederation, and that is the essence of the principles upon which we believe that the spirit of confederation shall be maintained.

Mention was made by the Leader of the Opposition that in the last couple of days there have been some observations made in the province of Newfoundland respecting this legislation. I realize that there have been statements made. I am not going to enter into any competition in the matter of recriminations. I am simply going to say that there have been exaggerated statements, statements which are not in keeping with a sense of full responsibility of the great issues that are inherent in this matter. Let my hon.

friends look back to those days when they believed that they would be in the seats of office forever. Their treatment of Newfoundland at that time is a far cry from the verbal protestations of today. Certainly, the premier has been outspoken, but what did he say regarding the government of the day of which the hon. member for Bonavista-Twillingate was so distinguished a representative? This was the kind of system used in his appointment. Mr. Smallwood recommended the member for Bonavista-Twillingate and Mr. St. Laurent said he accepted that recommendation. What did Mr. Smallwood say of those who today say that they are the friends of Newfoundland; that they intend to do those things that they did not do when they were in office, namely to raise living standards in Newfoundland. What did Mr. Smallwood say on June 25, 1955, when speaking at St. Andrews-by-the-Sea? This is what he said:

> Premier Joseph Smallwood threatened last night to lead Newfoundland out of confederation with Canada unless the federal government stopped discriminating against the four Atlantic provinces, including his own.

Mr. Speaker, that was in 1955, and he went on to say—

Mr. Speaker: Order. I wonder whether I might interrupt the Prime Minister. It being five o'clock, the house will now proceed to the consideration of public bills, pursuant to section 3 of standing order 15.

Mr. Hamilton (York West): Mr. Speaker, I wonder whether we could have unanimous consent of the house to carry on?

Mr. Pickersgill: As far as we are concerned, yes.

Mr. Speaker: Is it the unanimous consent of the house to waive the hour for private and public bills under section 3, standing order 15?

Some hon. Members: Agreed.

Mr. Speaker: Agreed.

Mr. Diefenbaker: I continue:

> It is not good for Canada to leave these Atlantic provinces to their own resources.

Then, he went on to use these words:

> Before we become second-class citizens of Canada, we will show the other maritime provinces how to get out of confederation.

That was in 1955, Mr. Speaker, after they had been in confederation for six years. He went on—and the hon. member for Bonavista-Twillingate may take whatever joy he can out of this:

> The federal government has made miserable proposals of sharing the cost in surveys of the wealth of timber, hydro power and minerals. We have gone ahead on our own and since confederation have spent $23 million to help build new industries.
>
> If confederation was not to recognize the right of all Canadians to some equality in living standards and opportunity, Newfoundland and the maritimes might as well be declared game preserves for the holidays of Canadians from more prosperous provinces.

Where was this triumvirate sitting opposite me at that time? The ministers of the crown making of Newfoundland a game preserve, a place for holidays—

Mr. Pearson: What is wrong with that?

Mr. Diefenbaker: —and making the people of Newfoundland second class citizens. Where was the Leader of the Opposition then, except in a position of power? Where was the hon. member for Bonavista-Twillingate (Mr. Pickersgill)?

Those are the things that I thought might be of interest when my hon. friends opposite reiterate the shortcomings of this government which in the period since June 21, 1957 has made available over and above everything for which Canada was responsible under the extant agreement, $7.5 million a year to Newfoundland which, had the former government remained in power, would never have been paid to Newfoundland.

After all, the record speaks. Now, we come to the Toronto *Daily Star* of July 9, 1955 when the premier wrote an article which is headed:

> Premier "Joey" Smallwood, who almost single-handedly led Newfoundland into confederation with Canada, threatened the other day to lead her out again unless the federal government acted to make the four Atlantic provinces "economically strong."

Mr. Speaker, what did they do, those who sit today in the seats of the opposition? In those days from 1949 to 1955 what did they do? Newfoundland asked for action from 1953 onward, and Newfoundland had the representative for Bonavista - Twillingate. What did they do in those years? I give you the answer from the premier himself. He said this:

> I am ashamed and angry to say it, but the altogether stupid, bungling, inadequate effort of great Canada to assist the Atlantic fishing industry (which is potentially almost as valuable in dollars and cents and much more valuable in numbers of families that can be supported than the oil industry of Alberta) is a reproach to a great and progressive country.

Who was in power when he said that? The question answers itself. Where was the self-appointed custodian of the rights of Newfoundland, the hon. member for Bonavista-Twillingate, then? Where was the Department of Fisheries? The hon. member for Bonavista-Twillingate has shown a tremendous interest in the last two years in

fisheries. What did he do when he was a member of the government? What did Mr. Smallwood say? He said:

> The whole policy of the Department of Fisheries of Canada, in so far as there appears to be a policy for Newfoundland, is to drive the fishermen away from fishing.

This is an article contributed by the premier of the province, speaking of those halcyon days when these two members of the opposition who speak so loudly and protest so vehemently, were in power. Then, Mr. Smallwood went on to say:

> The present Minister of Fisheries told one very prominent Newfoundlander that it wouldn't matter if the Newfoundland fishermen had to leave the fisheries, because they could always find work in some other part of Canada.

There is the record of those who today criticize this government for bringing about, first, the payment of the amount recommended by the royal commission and, in addition to that, provided for a review in order to assure that the principles of confederation, of which the Conservative party has a real knowledge and a tradition, shall be carried into effect in so far as the last province to join confederation is concerned.

Then, I should point out also the payments that have been made under the Atlantic provinces grants and the tremendous effect that the $7.5 million must have had on the economy of the province of Newfoundland and the other two provinces in the Atlantic area, and the $2.5 million to Prince Edward Island. This is what the St. John's evening *Telegram* said on January 24, 1958:

> The Conservative administration is supported by two representatives from Newfoundland. The other five are in opposition. But we are getting far more sympathetic attention now than we got from the Liberals. Not that the government at Ottawa is favouring us because we voted so overwhelmingly for the opposition, but because it has been the declared Conservative policy to devote a greater proportion of the revenue to provincial needs, and especially to the needs of the Atlantic provinces. All this is quite contrary to Liberal policy.

I might refer for a moment to something to which I alluded on another occasion, the attitude that has been taken by this government to the various provinces. I point out that since we came into power we have endeavoured to bring about an equalization of opportunity amongst the provinces. We have been endeavouring to do that in order to bring about and achieve that degree of equality without which confederation would be meaningless. I should like to deal, in so far as conditional grants and unconditional grants are concerned, with the province of Newfoundland. I point out that from 1949 on, and prior to 1957, unconditional grants payments to the province of Newfoundland, in the highest amount in any one year, were $20,106,000 in 1952-53. You talk about discrimination against Newfoundland. Let me point out this, that in 1957-58 the payment was $19,244,000, and for 1958-59 it will be in the neighbourhood of approximately twice that amount.

Then so far as conditional grants are concerned, from the time Newfoundland came into confederation, the highest payment that was made was in 1956-57 and it amounted to $6,573,000. For the first full year after this government came into office, the amount was $14,576,000, and it will be approximately the same amount in 1958-59, counting in, as my hon. friends says, the payments to which I have already made reference.

Talk about discrimination and unfairness; let me point out this fact. In addition to that, there were developments in Terra Nova national park; the tremendous development in St. John's harbour; joint housing developments; winter works program and the contribution to the construction of highways, 269 miles in Newfoundland. Those things were not peculiar to Newfoundland but they did bring, not only for Newfoundland but throughout Canada, new opportunities for the provinces to discharge their responsibilities and thereby assure individuals within each of the provinces a new vista in the future.

In so far as provincial governments are concerned, the direct federal contribution to Newfoundland has increased approximately twice in amount since this government came into power. All these things are indicative of the attitude that we adopt, which is not one of discrimination, as was suggested against the province of Newfoundland but rather the realization that whatever the political complexion of any province may be, that province shall not—as was sometimes the case in the past—be unfairly treated in any way.

A moment ago I mentioned some of the developments in that province. I neglected to mention as well the Gander development that has taken place and has been completed under this government.

Mr. Chevrier: It was started by us.

Mr. Diefenbaker: They started some things, Mr. Speaker; but we completed this and many other things.

I come to the general question of our attitude toward Newfoundland. Our attitude is this. We believe that province is entitled to fair and reasonable consideration. We believe that by 1962—and we have incorporated our belief in the statute—there should be that review which, ever since the findings of the royal commission, has been demanded by the government of Newfoundland. When that

review takes place, consideration will be given to the matter. On the basis of the experience of the past of the degree to which we have increased the amount of contribution to the province, what do we find? In the period since 1956-57 to date the amount of contributions and payments to all provinces of Canada has risen from $689 million in 1956-57 to an estimated $1,212 million this year.

Mr. Pickersgill: May I ask the Prime Minister a question?

Mr. Diefenbaker: Yes.

Mr. Pickersgill: Why does not the Prime Minister give the figure for 1957-58?

Mr. Diefenbaker: I beg the hon. member's pardon?

Mr. Pickersgill: Why does not the Prime Minister use 1957-58 for purposes of comparison? All the payments for 1957-58 were provided by the previous government.

Mr. Diefenbaker: I took the last year in which the former government was in power.

Mr. Pickersgill: The Prime Minister does not do so for the obvious reason.

Mr. Diefenbaker: I took 1956-57 up to March 31. It was three months thereafter before we came into power. For that reason I gave the figures in question. As a matter of fact, if the hon. gentleman wants to continue until March 31, 1958, for the first year that we were in power, 1957-58, the amount was $853,700,000. In the ensuing two years that amount has been increased by $300 million, from $853,700,000 to $1,212,500,000 which in no way spoils the record.

Mr. Pearson: What is a hundred million?

Mr. Diefenbaker: My hon. friend says "What is a hundred million?" He used to have a mentor who said, "What is a million anyhow?" The Leader of the Opposition increased that amount by $99 million.

Mr. Martin (Essex East): What about the $617 million deficit?

Mr. Diefenbaker: My hon. friend says, "What is $17 million?" Apparently these gentlemen are complaining about the millions we are providing.

Mr. Martin (Essex East): No. I said what about the deficit of $617 million.

Mr. Diefenbaker: Oh, Mr. Speaker, these hon. gentlemen—

Mr. Martin (Essex East): I know what the Prime Minister will say.

Mr. Diefenbaker: We dealt with that matter over and over again.

Mr. Martin (Essex East): You always have an insult.

Mr. Diefenbaker: The hon. gentleman mentioned "insult" Mr. Speaker. Where is the insult in stating facts? Ever since this session began—and I say this in view of the fact that they speak of insults—there has been an apparent effort on the part of my hon. friends opposite at all times to use that method against me personally, but you never hear any objection. Yet when you tell them the truth, it is an insult in their vocabulary.

I am now going to refer to the statement which I made in the course of a television speech which sets out the viewpoint of this government as to Newfoundland. I said:

> In the case of Newfoundland there has, I am sorry to say, been some misunderstanding—but differences arise even in the best of families.

My friend the Leader of the Opposition laughs. He will remember what Mr. Smallwood said.

Mr. Pearson: What did he say yesterday?

Mr. Diefenbaker: I continue:

> Let me say at once that I believe that we can and will resolve these differences in that spirit of understanding, common sense and compromise which has been so characteristic of the Canadian confederation from its very beginning.

Then I went on to point out that the equality of each province exists as a right. I said:

> That equality exists as a right of our newest province's membership in the Canadian confederation. It is the earnest hope of my government that the differences may be settled as quickly as possible so that we may get together, and achieve together the raising of the general standard of living of the province and its people to that which we covet for all Canadians.

That is the attitude in which we have placed this legislation before the house. We start with the foundation of the words of Mr. St. Laurent. Mr. Smallwood naturally contends that the amount should be $15 or $17 million, in spite of the fact that he has obtained $7.5 million more than he would have obtained if the former government had remained in power for the three years. He also contended that there should be a review. We have provided in the meantime for the $8 million recommended. We have also made provision for a review to the end that, in the light of the circumstances then existing, we may be able to achieve by such further action and subsidy as is necessary the attainment of that equality to which I have referred.

I would point out that in all the other provinces there have been changes. The

original of section 118 of the British North America Act stated that Ontario would be adequately compensated by $68,000 a year, Quebec by $70,000, Nova Scotia by $60,000 and New Brunswick by $50,000. But in the intervening years there have been many changes in this regard. Those payments, at the time they entered into the pact of confederation were believed to be in existence in perpetuity. But in the light of events and in the light of economic development changes became necessary. We look forward to a period from the beginning of the term provided by this bill, namely five years, in which we allow for the amount which we believe will attain the objective of article 29; and then assure, at the end of that period, a review in the light of the economic development and the social changes which may take place in the interval, and which I am sure will take place in the interval because of the resource development which is taking place in Newfoundland and elsewhere in this country.

All I want to say is this in conclusion. No matter what is the amount that is fixed, it is natural that more will be asked for. After the report came out that $8 million was recommended, the premier of Newfoundland called on me and said that he wanted an additional $15 million a year in treasury grants instead of the $8 million recommended by the royal commission.

I simply say this, Mr. Speaker. I know it will arouse feelings, because after all when the act of union was entered into, the words of Mr. St. Laurent apparently were not distributed in the new province of Newfoundland in an underlined or emphasized manner. An interpretation was given, a political interpretation if I may say so, holding out hopes which those who uttered them knew could not be fulfilled. I say to the hon. member for Bonavista-Twillingate that I am sure that at no time did he make clear to the people of Newfoundland the meaning of the agreement that was entered into under the act of union. I am sure he did not make clear to the people of Newfoundland the interpretation placed thereon by Mr. St. Laurent. I am sure, in that expansive way, which is not peculiar to him, he led the people there to believe that something would be obtained which the agreement entered into did not contain.

There has been a wonderful spirit of Damon and Pythias between the hon. member for Bonavista-Twillingate and the premier of Newfoundland. I do not want to put them on the record, but even one as modest as the hon. gentleman would feel just a slight feeling of emotion, or even bashfulness, were I to read some of the views expressed by the premier of Newfoundland during successive campaigns, and also some of the words of the hon. gentleman spoken of the premier of Newfoundland. However, there is one expression I cannot refrain from referring to. On April 1, 1959, I think it was—

Mr. Pickersgill: It was March 31.

Mr. Diefenbaker: I am sorry, I am a day out. On March 31, 1959 the hon. gentleman stated of the premier of Newfoundland that he had served under two prime ministers of Canada, but he said, "I can tell you this; nobody has ever equalled the premier of Newfoundland."

Mr. Pickersgill: No, that is not what I said.

Mr. Pearson: Of course that is not true.

Mr. Pickersgill: I am sure the Prime Minister (Mr. Diefenbaker) would not want to misquote what I said. What I said was that I had served under two very distinguished prime ministers and I had known a lot of other very distinguished politicians, but I had only known one political genius, and I do not take that back.

Mr. Diefenbaker: The actual words were better than my interpretation, Mr. Speaker. The hon. gentleman's memory is perfect. "I have served under two Canadian prime ministers, but I have known in my life time only one political genius." I can hardly understand the next reference with Mr. St. Laurent still with us, and he will be, I hope, for many years to come, when the hon. gentleman finally ended up his speech of adulation by saying that the premier of Newfoundland was the greatest Canadian of all time.

Mr. Pickersgill: Now the Prime Minister knows that is not true.

Mr. Diefenbaker: I am quoting from the press report.

Mr. Pickersgill: The Prime Minister is not quoting, he is reading from a document. I wrote a letter to the Ottawa *Journal* about this very report, and I also wrote one to the Toronto *Telegram;* as far as I know they are the only two papers where this story appeared. What I said was that he was one of the greatest Canadians of our time, and I added that in my opinion Louis St. Laurent was the greatest Canadian of our time.

Mr. Diefenbaker: Mr. Speaker, I was not quoting from the Ottawa *Journal.* I am quoting from a report by one who was there at the meeting, I understand, Miss Judith Robinson, in which she has, in quotation marks:

—Mr. Pickersgill said . . . "the greatest Canadian of our time."

The hon. gentleman said he did not say that, however, and it is accepted.

Mr. Pearson: The Prime Minister knows he did not.

Mr. Pickersgill: Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege, and it is a rather serious matter, I think. I know these are the ways one persuades some audiences, but we are trying to get at the truth here. A tape recording of my speech was made and before I made that correction I took the trouble of having it verified to be sure of precisely what I had said. I then wrote to the only two newspapers in which this erroneous statement occurred and made the correction. I never saw whether the *Telegram* carried it, but the Ottawa *Journal* did, and I am sure, knowing the Prime Minister's clipping service at least as well as he does, that he would have found the clipping there if he had looked for it.

Mr. Diefenbaker: I do not know what the complaint is. I accepted the correction because it is obvious the hon. gentleman did not think that.

Mr. Pearson: Then stop repeating untruths.

Mr. Diefenbaker: May I therefore conclude by referring to the remarks of the Leader of the Opposition and say that we do want to strengthen the bonds between Canada and Newfoundland, as we do with all the provinces of Canada. That has been the reason for the policies adopted by this government which render available several hundred million dollars more to the provinces than was the case under the previous government. So far as the Atlantic provinces are concerned, we saw there the results of 22 years of rule on the part of those hon. gentlemen opposite. We brought into effect grants each year to assist those provinces to make provision economically for their development, and we will follow and continue to follow those policies to the end. There will not be in the years ahead, as we expect, the inequality which existed for so many years between the economic earnings of people in all parts of our country. We also want to see the building of that spirit of Canadianism. In that regard Newfoundland has shown its spirit and its attitude, and it is welcomed.

My hon. friend says that there has been a breach of faith, but I say to him, with all the power at my command, that statement is unwarranted, unfair and unjust. Those things were said, those exaggerated phrases were uttered, in the course of debate; but as the years go by and the people of Newfoundland see the application of these principles which we have adopted, the criticisms of 1955 made against the former government will evaporate in the light of a progressive policy to ensure that Newfoundland shall attain its proper position along with the other provinces in the confederation.

Hon. J. W. Pickersgill (Bonavista-Twillingate): As you know, Mr. Speaker, all of us in this house are equal, but some are more equal than others and as I have not got the unlimited time which the Prime Minister (Mr. Diefenbaker) has I cannot enter into all the aspects of the 100 per cent diversion from the subject to which the house listened this afternoon. It is very characteristic of the Prime Minister that when there is no answer to an argument he should change the scene, shift the scenery with great skill and produce effects which sometimes take people in until the third or fourth performance. But we in this house are getting well past the third or fourth performance.

I do not intend to pursue some of the things he said about statements made by Mr. Smallwood in 1954 or 1955—statements which perhaps I might not agree with—any more than I could remind the Prime Minister of some of the things said by Mr. Duff Roblin in the past few weeks of which, perhaps, the Prime Minister would not like to be reminded, to say nothing of the statements which have been made by Mr. Frost.

The Prime Minister said something about what had been done by the previous government for the fishery. I should like to tell the Prime Minister what was done by the previous government about the fishery, but I think the best evidence that the people of Newfoundland were satisfied with what was done in at least one constituency was the fact that I did not need to be self appointed in 1958, despite the Prime Minister's best efforts to see that I did not get back to this house; in fact, I was elected in 1958 with a majority considerably larger than in 1957. I say this for one reason only, because this suggestion that in some way or another the people of Newfoundland do not vote for their representatives like other people of Canada is, I think, an unreasonable one.

Mr. Diefenbaker: Who suggested that?

Mr. Fleming (Eglinton): What is the next diversion?

Mr. Pickersgill: I am merely following the Prime Minister's diversions, and I am not going to follow many of them.

An hon. Member: Would the hon. gentleman permit a question?

Mr. Pickersgill: No, I think I would prefer to continue, for the reason that I should prefer to have my own 40 minutes. If I am allowed a little extension of time I shall be glad to answer the hon. gentleman.

The Prime Minister quoted something from the St. John's *Telegram* of 1958, but if he would read the St. John's *Telegram* since March, 1959 he would find it impossible to discover any similar articles anywhere; I do not think he would find many of them agreeable any more than, I am sure, he found agreeable reading what the premier of Newfoundland had to say about what some articles in the press today described as the peace move which was made yesterday. "Peace move" is a very curious way to describe it.

The Prime Minister indulged in his usual rhetoric about the Tory party living up to the spirit of confederation—the usual words, idle words, with which these things begin—and then he went on to pervert, and that is the only term I can apply to it, the words of Mr. St. Laurent about term 29. I should like to read some of page 289 of *Hansard* for February 7, 1949 which was carefully left out by the Prime Minister and by the Minister of Finance (Mr. Fleming).

Mr. Diefenbaker: It was quoted yesterday, twice.

Mr. Pickersgill: Not this part:

> This section of the Canadian economy generally described as the maritimes was felt to be the one which would be most nearly comparable to the situation which would be apt to develop in Newfoundland. It was felt that for a transitional term the government of Newfoundland had to be provided with sufficient funds to establish and develop services comparable to those available to the people of the maritime region, and that it had to be able to do so without imposing upon the people of Newfoundland a burden of taxation heavier than that prevailing in the maritime region.

Then he went on—

> After long negotiations it proved possible, I think, to arrive at the scheme which is set out in the terms of union, and which is apt to achieve that result.

In other words, what Mr. St. Laurent said about this was that it could be expected that these transitional grants would enable Newfoundland to bring her situation up to the maritime level, which she has not, in fact, done. And then he went on to say:

> Human foresight, however, is never as good as hindsight.

The Prime Minister did not quote that, for obvious reasons.

> It was also provided that within eight years from the coming into force of the terms of union a commission would be set up to examine the situation anew, and to report as to whether or not the terms provided are working satisfactorily and are sufficient to bring about the object of equalizing the lot of the people of the new province with that of the people of the older provinces.

Anyone who reads this report will see that that has certainly not been achieved, and the commissioners did not suggest or hint that it would be achieved soon. In fact, they made it perfectly clear that it would not be achieved by 1962, the cut-off date. But what is going to be much harder for people to take than anything else, and for Mr. St. Laurent, himself, is the perversion of these words:

> There is no undertaking to implement any terms of recommendation that may be made at that time by a royal commission.

By itself, taken out of its context, this has one significance, but read with the following words, what does it mean?

> It was felt by the Newfoundland delegation, and by the representatives of the Canadian government, that this was something that was being entered into in a spirit of fairness on both sides, and that it was not necessary to make binding stipulations about what would happen with respect to the report of a royal commission.

Why? Because it was expected that men of honour would be dealing with the question on both sides, and that the terms of union, like those of the British North America Act, would not be interpreted by police court quibbling.

When the Prime Minister was serving under another leader his party took a very different view of this matter, and I should just like to remind hon. members of the view taken by Mr. Drew when he was leader of the party. I have here an extract from the St. John's *Telegram* of January 15, 1953 which is headed: "Drew—Deserve Better Terms" which reads as follows:

> The first national party leader to react to E. J. Russell's proposal that Newfoundland "give all seven federal seats to the party which will commit itself most deeply to a revision and a betterment of the financial terms of union", was Hon. George Drew.
>
> He wired Gordon Higgins, Q.C., M.P. for St. John's East, last night that he believes Newfoundland is entitled to much better terms than those now existing.

I should just like to read the telegram, the text of which was given in full. It was addressed to Mr. Gordon Higgins, St. John's, Newfoundland.

> Replying your question regarding 1949 statement revision financial terms with Newfoundland you may confirm this without hesitation. I believe Newfoundland is entitled to much better terms than those now existing. As you are also aware I believe the rights of the province should be much more firmly established than they are now.

That was the pledge on which the hon. gentleman who is now a member of the government sought the suffrages of the electors unsuccessfully in that election. That was

the position that was taken by the Conservative party. It was also taken by the hon. gentleman in 1957.

What do we have now? We have a repudiation of the existing terms; not better terms and not an improvement in the terms but a repudiation of the existing terms.

Mr. Fleming (Eglinton): Nonsense.

Mr. Pickersgill: The Minister of Finance whose favourite word is "nonsense"—

Mr. Fleming (Eglinton): Just as your favourite stock in trade is nonsense.

Mr. Pickersgill: —talked about the overselling of term 29. I take it that although the minister was not prepared to say so, he was referring primarily to the premier of Newfoundland in talking about this overselling, and if he was not he can correct me. In any case, to show how very precise the premier of Newfoundland was in his interpretation of term 29, let me say this. I have heard him interpret it on many occasions on public platforms. I have never heard him deviate from the terms at all. He has always explained very precisely what they were as he did at the dominion-provincial conference in November of 1957 as will be found at page 99 of the report of the proceedings where he said:

> Under the terms of reference,—

That is, of the royal commission. I continue:

> —under the terms of section 29, the royal commission will not be allowed to recommend that the parliament of Canada on your recommendation—

He was speaking to the Prime Minister at the time. I continue:

> —vote us more than enough to continue at the levels which we now have. In other words, the most we can hope for from the royal commission is enough to keep us 25 years behind Nova Scotia as she is today.

That was the interpretation and that was always the interpretation that was put upon it, as the plain terms show, that after eight years the purpose of this grant—if any was needed—was to continue the level of services then reached, not to improve the services and not to equalize at all. As Mr. St. Laurent said, it was to try to bring them up during the transitional period and after that to continue them.

The Minister of Finance, the Prime Minister and the Minister of Justice (Mr. Fulton) do not seem to be able to understand that that is why the people of Newfoundland resent so bitterly all these reminders of the other things they are getting, in common with other Canadians, because they consider that they are entitled to their rights and that they are also entitled to be treated like other Canadians.

Term 29 to a Newfoundlander is almost the equivalent to a French-speaking citizen of Canada of the language term of the British North America Act. It is a sheet anchor. It is the right of Newfoundlanders to be assured that whatever comes they will have enough, without having to have punitive taxation higher than the rest of the provinces.

Mr. Diefenbaker: Mr. Speaker, would the hon. gentleman permit a question arising out of the comparison he makes. Does he remember that Mr. St. Laurent said that the language rights of French Canada could be changed without consultation by a majority of parliament?

Mr. Pickersgill: Yes, I remember that very well but I also remember what else he said. He went on to state that no man of honour would ever do it. And that is precisely why, under the terms of union with Newfoundland, no one ever believed that this would happen.

Mr. Pearson: No person of honour would have made that change.

Mr. Pickersgill: It must be remembered that we had had no previous experience. No one would have believed that any Canadian government would have come into this house and proposed legislation to repudiate the terms of the British North America Act. That is what we have before the house today.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Rot.

Mr. Pickersgill: That is why every Newfoundlander, except one or two, resents bitterly the action being taken by this government. It does not matter how many millions any minister says have been spent on family allowances or unemployment insurance in Newfoundland or how many millions have been spent on Atlantic provinces grants or on anything else which goes equally to other people. I admit that the Atlantic provinces grants do not go equally to other people but they go to four provinces and are given for one purpose—at least that is what we are told—and that purpose is to enable these four provinces to improve their situation, not to continue what they have but to improve their situation.

The Minister of Finance stood here on September 4 last year and said that because these Atlantic provinces grants were given to Newfoundland they could wait for another year for the disposition of this matter. That

has not been forgotten either, in Newfoundland, and it is not going to be forgotten for a very long time to come.

The Prime Minister made a great deal of the dissatisfaction of the government of Newfoundland with the report of the royal commission and, of course, it is quite true that they were dissatisfied. It is not at all surprising to me that they should have been dissatisfied because they had appointed a royal commission consisting of very respected and eminent citizens of that province to prepare a case to be presented to the federal royal commission. They believed in that case and believed they had a good case. They suffered the natural disappointment that perhaps the Prime Minister himself has had at times when he believed that he had a good case and was not able to convince the judge.

The recommendations of the royal commission were objected to on one count and on one count only by the government of Newfoundland and that is that its recommendation —its award—was inadequate.

Mr. Diefenbaker: And there was no review. I believe the hon. gentleman will agree that this was another ground on which objection was taken to the report.

Mr. Pickersgill: No, I do not think the Prime Minister will find that to be the case—well, it may be that the Prime Minister is right. The reason why there was no review, of course, the Minister of Finance told us today, was that the commission did not have the power to recommend a review under term 29. I was rather surprised that the minister said that. I know that Mr. Ritchie said that to the commissioners and that presumably is what impressed the commissioners. That may very well be the reason why they did not provide for a review. I should be rather surprised if the premier of Newfoundland would have been very insistent about this question of a review if the commission had in fact recommended what was asked for, but that again is another matter.

At any rate, there were these two difficulties. The Prime Minister will also recall that as early as August 11 last year the premier of Newfoundland made an appeal to the Prime Minister—to which, incidentally, he received no reply—by telegram, asking that provision should be made on an interim basis for these payments because of the urgent need of the money to provide employment during the winter.

Mr. Diefenbaker: I know the hon. gentleman does not want to leave the wrong impression. A communication was made with me and then the premier and I had a discussion about this whole question.

[Mr. Pickersgill.]

Mr. Pickersgill: I remember the events very well. If the Prime Minister will look it up I believe he will find that between August 11 when the telegram was received and September, any discussions that occurred must have been conducted by telephone. I recollect very clearly what took place and I put the telegrams on *Hansard* on either September 4 or September 6 of last year. There were three telegrams. The first telegram on August 11 asked for interim payments. Some days later there was a second telegram which asked for the review. Then there was a third telegram consequent upon the unanimous resolution of the legislature which came in on September 3. That was the occasion of this matter being raised in this house on September 4.

I say that this whole matter, which could have been disposed of on the basis on which we are now being asked to dispose of it just as well last September or last August as now, was postponed and the excuse that was given to this house by the Minister of Finance was that, well, they are getting $7,500,000 anyway that they would not have got if the Liberals were in office and therefore they can be denied their constitutional rights because they got some honey.

Mr. Fleming (Eglinton): On a question of privilege, if the hon. member is going to quote me I suggest that he quote me accurately and refer to *Hansard* and not use this mumbo-jumbo that he is now inflicting on the house. It bears little or no resemblance to what I said.

Mr. Pickersgill: The minister is pretty good at mumbo-jumbo. I was not purporting to quote him; I was purporting to paraphrase him.

Mr. Fleming (Eglinton): A pretty bad perversion of what I said and he knows it pretty well.

Mr. Martin (Essex East): You are not in this debate at all.

Mr. Pickersgill: I would like to say it seems to me that this government has never understood at all, never appreciated at all, what term 29 meant and what it was about. The Prime Minister, having delved into my past, I will recall one incident in his. It so happened that he and I arrived in Newfoundland on the same day in the same airplane in the year 1957, on the same general mission. The Prime Minister was on television that evening and I had the pleasure of watching him. He was asked by Mr. Don Jamieson of CJON about the royal commission provided under the constitution, and his answer was that he did not think this royal commission should be appointed; there were too many royal commissions anyway.

Mr. Diefenbaker: As I recall it, there was no reference provided under the constitution.

Mr. Pickersgill: I do not think Mr. Jamieson mentioned the constitution. Everybody in Newfoundland and everybody who had anything to do with public affairs in Newfoundland knew perfectly well what the royal commission was that was provided for under the constitution. The Prime Minister was a member of this parliament; he took a large part in the debates at the time of union. He was the leader of the opposition. He was going to Newfoundland in that capacity for the first time to ask for the suffrage of the people; and on the most important question, the question that they attached more importance to in that province than any other, the Prime Minister did not know or had forgotten that under the constitution there was an obligation to appoint this royal commission. It seems to me that from the beginning to end of this matter that has been the attitude of this government; that there is no real obligation of any kind under term 29, no obligation at all; that what they have here is another of those fiscal arrangements on which they can make a dictate as they did, of course, at the beginning of the year 1958.

Now, we are asked in this bill, and the people of Newfoundland are asked, to be satisfied with this clause in the preamble:

> Whereas in the course of such a review any special circumstances relating to the financial position of the province of Newfoundland after the 31st day of March, 1962, would be taken into consideration.

Now we are asked to do this by this government that failed to keep the promise to all the provinces that the Prime Minister had made in November, 1957 that he would reconvene the conference in January, 1958. Therefore, the government is saying to the people of Newfoundland: Now, sell your birthright, give up your birthright, give up your rights under the constitution and accept instead our word that when our seminar is over, when our study group has completed its work and when 1962 comes along we will do right by you.

Mr. Fleming (Eglinton): How can any man in this chamber talk such nonsense?

Mr. Pearson: It is absolutely true, every word of it.

Mr. Pickersgill: Everybody who has had any experience—and I have had a good deal —with federal-provincial fiscal arrangements knows that one of the basic principles of all the agreements right from the start has been that whatever is offered to one province is equally available to all others. That has always been the principle, and the only deviation there has been from that principle—and I do not criticize it on that account—is in the case of the Atlantic provinces grants. Now here the people of Newfoundland are being told we are going to extinguish by this bill the rights you have under the constitution, the rights you have under term 29. They go out the window. You have no rights.

No longer after 1962 can you point to the charter, point to the British North America Act and say, "We are assured, as long as it is needed, that we will have enough money to provide the services"—not the services that they have in Ontario or Saskatchewan—"at the level they were in Newfoundland in 1957". That is all it is. It is not very much oversold, sir. That is what it is, and that is what is being taken away from the people of Newfoundland; this right that was written into the constitution is being taken away from them if this legislation is enacted.

Mr. Fleming (Eglinton): May I ask the hon. member a question? Will he point to any words in this bill that are going to take anything away from Newfoundland?

Mr. Pickersgill: Yes, certainly.

Mr. Fleming (Eglinton): The words there provide for payments to Newfoundland.

Mr. Pickersgill: The words that take it away are these:

> Whereas pursuant to the recommendations made by the royal commission established in fulfilment of the obligation—

There is no fulfilment of the obligation here; there is a "ratting" on the obligation. That is what there is and the hon. gentleman has a very uneasy conscience about it. What has happened here is that the government is trying to take away the rights under the constitution and substitute in their place the words of a preamble which hon. gentlemen know have no legal effect. How in the name of heaven do these gentlemen expect when they do not respect the constitution, when they disregard the constitution, to have anyone pay the slightest attention to a few words printed in the preamble of a bill which is itself a repudiation of an obligation?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

Hon. W. J. Browne (Minister without Portfolio): Mr. Speaker, the bill which we are now examining is more illuminating than the resolution which we had before us yesterday. Yesterday, when the Minister of Finance (Mr. Fleming) was explaining the resolution he did not stress some of the

clauses in the preamble which I feel deserve very great consideration. The hon. member for Bonavista-Twillingate, who is a law student, said this afternoon that the preamble has no legal effect. I think the lawyers in this house will disagree with him because, especially in a bill such as this, the preamble is of the utmost importance. It has legal effect, and will be so recognized in a court of law. The preamble deserves to be read, at least the two principal sections. It says:

> Whereas since the report of the royal commission was made, the government of Canada has proposed a comprehensive study of dominion-provincial financial relations in co-operation with the provinces, and all the provinces have agreed to participate therein;

That is all the provinces including Newfoundland.

> Whereas in the course of such a review any special circumstances relating to the financial position of the province of Newfoundland after the 31st day of March, 1962, would be taken into consideration;

It seems to me, Mr. Speaker, that this is much more definite than term 29 which contained the obligation of establishing a royal commission to make an investigation. Here the government pledges itself to take into consideration the special circumstances that would exist in Newfoundland after March 31, 1962. Opposition speakers do not seem to be able to get away from the provisions of term 29, and yet it was admitted here by several of them that the legal obligations established by the term had been fulfilled. We have now moved to another stage of the fiscal relationship between the dominion of Canada and the province of Newfoundland. It is admitted also that the federal government is doing its duty in fulfilling this recommendation up to March 31, 1962. We are making the payments which the royal commission recommended should be paid up until that time.

Opposition speakers, however, had little or no faith in the provisions for review to which I have referred. This is a review in which Newfoundland is able to bring forward any special circumstances, and I propose to elaborate on those as I go along. I listened to the hon. members on the other side of the house yesterday and today and, with the exception of the hon. member for Assiniboia (Mr. Argue), most of them were full of dire forebodings about what was going to happen in Newfoundland after March 31, 1962. The hon. member for Bonavista-Twillingate (Mr. Pickersgill) went further than his colleagues and he almost said, he certainly insinuated, that he did not trust the government. He said the same thing today, that he did not think the government should be trusted in connection with the provision that is contained in the preamble.

I was a member of the house of assembly of Newfoundland between 1954 and 1957, and I had a good many opportunities of hearing at first hand some of the views which the premier of Newfoundland held in regard to the terms of union, and indeed to some members of the federal Liberal government as well. But I resigned my seat and came up here because I thought that I could assist my colleagues when we were in opposition in demanding better terms from the government and if, as was likely going to happen, we were returned then our government would give better terms to the people of Newfoundland. I feel we have done so, and I think I can show that. I believe it can be easily shown that the government can be trusted to do what is right in the future and that already the government has done far more for Newfoundland during the two years it has been in office than was done during any similar period when the previous government was in office.

It is inevitable, I suppose, that we should have this discussion on term 29. It is a pity it did not take place before the terms of union were signed. But, Mr. Speaker, I have here all the debates that took place in the House of Commons, in the committees, in the Senate, and its committee, in the House of Lords in England and in the House of Commons in England, but I could not find a reference to term 29. It was not until it was drawn to my attention that the prime minister of the day, Mr. St. Laurent, had made a reference to it in the course of a long speech that I came across his statement.

This statement, of course, has been quoted here several times and is very illuminating on the attitude which the government must have taken at that time in regard to term 29. Why did this term 29 to which so much importance is now being attached escape the notice of the members of the House of Commons, the members of the Senate and other places when the matter was being discussed? Was it because they all took for granted the interpretation which the prime minister of the day, Mr. St. Laurent, had placed upon it?

In order to give some hon. members who were not here a proper perspective of the subject we are discussing, I should like to be permitted, for a few moments, to sketch in some of the background of this whole business. There have been some references, one by the Leader of the Opposition (Mr. Pearson), to an agreement between two sovereign nations, and many hon. members may not appreciate what really happened in 1949.

The government of Newfoundland was entitled to become a full-fledged dominion under the statute of Westminster in 1931, but the government of Newfoundland never took the step that was necessary to proclaim its intention to become a full-fledged dominion. They passed the legislation, but there was one part that did not become operative which would have made us a dominion. That year 1931 was a critical year in the history of Newfoundland. I remember it so well because I predicted what was likely to happen; I remember doing that. The government had been borrowing so much that it was not likely to be able to borrow the $8 million for which they were looking.

As a result we had quite a financial crisis, and we had to get the assistance of Canadian banks, the assistance of the Canadian government and the assistance of the United Kingdom government. There was an election in 1932, and a new government was elected. The new government was compelled to agree to the appointment of a royal commission appointed by the United Kingdom government, the Amulree commission, which investigated the financial situation in Newfoundland. They recommended that there should be a commission of government consisting of three members from Newfoundland, three members from the United Kingdom, with the governor presiding who would be the seventh member. This was done. They carried on the government of Newfoundland between 1934 and 1949 for a period of 15 years.

When they started they received financial assistance from the United Kingdom. But as fishing markets improved and world conditions improved after the crisis of the thirties, especially when the United States forces came in 1941 under the bases agreement, things began to pick up financially in Newfoundland. As a result, the commission of government was able to pay off a great proportion of Newfoundland's indebtedness and also have a surplus of nearly $50 million by the time the terms of union were signed in 1949.

In 1946 the United Kingdom government said: "Well, now, Newfoundland is self-supporting again and it should decide what its future is going to be". They decided to set up a national convention consisting of 45 members who would be elected from all over Newfoundland. These members would sit down and decide what the future of the government of Newfoundland would be. They did this. The 45 members were elected, one of whom was the present premier of Newfoundland and another was a gentleman who is in the other place, Senator Bradley, the former secretary of state. They sat down and discussed whether we should have a continuation of commission government or whether we should revert to responsible government, and the premier of Newfoundland advocated from the beginning that we should come into confederation with Canada. He tried to get people to support his view, but he could not get support for a long time. Eventually, he did.

The governor of Newfoundland wrote to Mr. Mackenzie King, the prime minister of Canada at the time in 1947 and said: "will you accept a delegation from the national convention of Newfoundland to see whether there is a basis existing for Newfoundland to become a province of the dominion of Canada." Mr. King wrote back and said yes, that he would be pleased to receive a delegation. The delegation was appointed and it came up here and they sat down together and they discussed the terms under which Newfoundland should come into confederation, to see whether there was a basis for Newfoundland coming into confederation. Most people overlook it, but that was another set of terms. There was no term 29 in that set but there was a term 14 which was a very much shorter one but similar one, a predecessor of term 29.

I should like to draw attention here to the fact that the original financial terms were very much less than the terms finally decided upon. They provided for transitional grants. The transitional grants afterwards were $6.5 million for the first three years, but the original terms on which the people voted in the summer of 1948 provided for only $3.5 million for the first three years and after that diminished by a sum of $350,000 a year until they disappeared in the twelfth year. Then term 14 as it was at that time, went on to say this:

> 14. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of adjustment to provincial status the government of Canada will appoint a royal commission within eight years of union to review the financial position of Newfoundland and to recommend the form and scale of additional financial assistance, if any, which may be required by the government of Newfoundland to enable it to continue public services at then prevailing levels—

I quote this especially in reference to transitional grants, which, Mr. Speaker, you will notice were only $3.5 million and that was the maximum the government of that day thought that Newfoundland could get along on. And that is not so very long ago; that was in 1947—with $3.5 million.

That was sent to the national convention and they discussed it. They decided not to accept it by a vote of 29 to 16 and they

decided to submit to the people of Newfoundland two alternatives only, whether the people wanted the return of responsible government as it was in 1933 or whether they wanted the continuation of the commission of government. But no alternative of confederation was on the ballot paper. They would not have that. The United Kingdom came into the picture then.

In the meantime Mr. Smallwood had presented a petition which he said had been signed by fifty thousand people demanding that it should be put on the ballot paper. The United Kingdom said, "this matter has been thoroughly discussed; the people are aware of the issues and we will put it on the ballot paper". I am quoting this to show the Leader of the Opposition that that would not happen to a sovereign nation. It happened because Newfoundland was not a sovereign nation at the time. Confederation was put on the ballot paper. In the first referendum responsible government came first, confederation second and commission government third. In the second referendum confederation was approved with a majority of 2 or 3 per cent.

When the prime minister of Canada of the day, namely Mr. Mackenzie King, wrote to the governor and sent the terms he had this to say:

> I feel I must emphasize that as far as the financial aspects of the proposed arrangements for union are concerned, the government of Canada believes that the arrangements go as far as the government can go under the circumstances. The government could not readily contemplate any change in these arrangements which would impose larger financial burdens on Canada.

Hence you see, Mr. Speaker, that in 1947 the government thought that $3.5 million a year was the utmost that the Canadian government could pay to the province of Newfoundland if it came into confederation.

After the referendum favoured confederation a new delegation was picked by the governor and was sent up here to negotiate the final terms. They came to Ottawa on October 5 and on December 11, 1948 the measure was signed embodying these final terms, including terms 28 and 29. Term 28 was the new transitional grant in which, as I pointed out, the original payments to Newfoundland were increased from $3.5 million a year was the utmost that the Canadian govving by $800,000 a year until the eighth year when they diminished by $350,000 a year. The late Sir Albert Walsh—may the Lord have mercy on him—told me that it was largely due to his efforts that the $16.5 million extra was gained for Newfoundland. I think the Leader of the Opposition who was, I believe, a member of the committee that negotiated with him will agree that his prestige and influence stood high with the government of the day, and the $16.5 million increase was gained on the offer which had come from Mr. Mackenzie King.

It must be remembered that these transitional grants were on a declining scale. Nobody on the other side of the chamber has yet asked this question: why is it that those transitional grants were on a declining scale? If now they think that Newfoundland's needs are getting greater and greater every year and ought to be provided for every year and spelled out in the bill why did they provide grants on a downward sliding scale? How much do you think these grants had declined up to 1956-57? Does the Leader of the Opposition, the hon. member for Bonavista-Twillingate or any hon. member from Newfoundland know how much that grant had declined? I refer to the grant of $6.5 million of 1949-50. Do they know how much that grant had declined by 1956-57? Can they tell me? Let me tell them that it had declined to $2,250,000. That is all that Newfoundland was receiving in 1956-57, namely $2.25 million. I should like everyone to remember how little Newfoundland was receiving from the dominion government in the eighth year of union. They show such a great interest in Newfoundland now. No wonder.

I have here the Auditor General's report for 1958. In that is given the revenue and expenditure for 1957-58 and for 1956-57. Despite that low transitional grant of $2.25 million in 1956-57, the Newfoundland government balanced its budget that year. It is not necessary to refer to all of the terms of union. There are a great many of them. However, I want to point out that when Newfoundland went into confederation Newfoundland had a cash surplus of $45 million. The federal government took over $46 million of debt, leaving Newfoundland with a debt of only $6 million. Was there ever a country in the world that started off with greater advantages than did Newfoundland owing only $6 million and with $45 million cash to start with? I hate to tell you what the public debt is now, Mr. Speaker. The debt of Newfoundland, I am sure must be up to nearly $100 million, direct and indirect. Where is the $45 million surplus? I know where $28 million of it went. It went into the great industries, the great socialist enterprises which the socialist premier of Newfoundland started. When I was on the political platform it was $25 million. I used to say "Do you know how much money the government got back out of that?" I looked in my pocket for a coin and I did not have a cent, so I had to show them whatever I had say, a ten cent piece. But the government

did not get 10 cents back out of the principal and interest and all the money which went into the socialized industries, and it is my "dear friend", the premier of Newfoundland who sets himself up as a judge of royal commissions and a judge of the prime ministers of governments. He is the one who knows how everything should be done. I used to say that you could start at the end of Water street in St. John's, walk two miles along, and you would pass private enterprises all the way along the road. You can start off at Duckworth street and go another two miles up as far as Mrs. Power's shop, which has been in existence for 75 years, and every one was operated with private capital and every one was making a living for the people who operated them, and the government was giving out $25 million to Germans, Latvians and anyone who cared to take it and they never returned one cent of interest or capital on the capital invested in them.

Mr. Carter: Would the hon. minister say what this has to do with term 29?

Mr. Browne (St. John's West): The hon. member can speak afterwards, I have not much time.

Mr. Pearson: He will.

Mr. Browne (St John's West): As I said, the public debt of Newfoundland was only $6 million in 1949, $20 per head. The per capita debt in Canada was $875, and I said that Newfoundland should have received payment on the same principles adopted in 1867 and when the other provinces came in after that date. They should have been given credit for the difference in the per capita debt. If that had been done with regard to Newfoundland, Newfoundland would have received something like $13 million a year. I am happy to say that since this government came into office Newfoundland is receiving more than it would have received if that principle had been carried out.

I may say that in 1895 that principle was used to prevent Newfoundland's entry into confederation. Our public debt was greater per capita than Canada's was, and amounted to a difference of $5 million which the Canadian government would not accept. The hon. member for Burin-Burgeo (Mr. Carter) wants the Canadian government—I looked up his speech—to pay to Newfoundland financial assistance necessary to continue public services at the levels and standards reached by 1956-57. The brilliant hon. member for Bonavista-Twillingate today said the same thing. He said, "It is a very simple matter; all you do is to keep it at the 1956-57 level." Remember that, that is what they want; they want to keep it at the 1956-57 level. I have here a report of the royal commission. Let us see what their recommendations are about the levels and standards of services in Newfoundland. At page 21 the royal commission said:

> It should be made clear, at this point, that we have decided to proceed upon the assumption that the levels and standards of public service are indicated by their cost.

I repeat, "are indicated by their cost".

> For example, if $100,000 is spent on the salaries of doctors and nurses to provide a health service, we assume for the purpose of our study that $100,000 is the measure of the flow of service which results from that expenditure.

Now let us see what the cost of the services was in 1956-57 and in the years since we assumed office. I have here the Auditor General's report for Newfoundland for the year ending March 31, 1958. This gives the actual expenditure for 1956-57 at $43,892,000, and for 1957-58 at $51,509,000. I also have here the budget of the Hon. Mr. Spencer for this year in which he sets out the estimated expenditures for last year and the expenditures for this year. The current account expenditure for 1958-59, estimated originally in the amount of $59 million, resulted in an expenditure of $63,887,600. For 1959-60 the estimated total current expenditure is $67,545,000.

Mr. Pickersgill: It was $67 million, I think the hon. member will find.

Mr. Browne (St. John's West): There is an increase of current account expenditure. In 1956-57, $43,892,000; in 1959-60, $67.5 million; that is an increase of over 50 per cent. Do the hon. members for Burin-Burgeo and Bonavista-Twillingate want to go back to those standards of 1956-57? That is what they were advocating here this afternoon.

Mr. Carter: Does the hon. member want an answer?

Mr. Pearson: He asked a question.

Mr. Browne (St. John's West): These expenditures, Mr. Speaker, were made possible by the recommendations of the McNair report which we are implementing and by the Atlantic provinces grants, and by a special addition to the standard tax and by other new and increased grants to Newfoundland under various other departments.

Let us take the unconditional grants for Newfoundland which were put on the record yesterday by the Minister of Finance (Mr. Fleming) at page 5901 of *Hansard*. Just compare these. The unconditional grants are as follows. Some hon. members may not be familiar with this thing. I have been going over and over this, I suppose, more than any other person in Canada, except perhaps the

editor of the St. John's daily *News* who has been writing a series of articles on it. But I have lived with this for the last two years. The unconditional grants in 1956 and 1957 included the transitional grant and the tax rental agreement; it included the equalization grant, the stabilization grant and so forth. In 1956-57 the figure was $17,838,000; in 1957-58, $19,244,000; in 1958-59—prepare for a shock now, hon. member for Bonavista-Twillingate—$40,847,000; in 1959-60, $36,587,000. These grants have been increased over 110 per cent in three years taking into account 1959-60. Does the hon. member want to insist that we set the standards in Newfoundland at the 1956-57 level?

Some hon. Members: Shame.

Mr. Browne (St. John's West): Mr. Speaker, let us come back to the transitional grants and those special grants that carry no return at all because the tax rental agreement brings a return into Canada. The transitional grant for 1956-57 was $2,250,000. Remember I told you that the only free payment made by the Canadian government in 1956-57 to Newfoundland was $2,250,000. For 1957-58 Newfoundland will get $8 million, because it gets $6,600,000 under the McNair report; in 1958-59, $15,500,000; in 1959-60, $15,500,000 plus the 3 per cent increase in the standard tax. So you see an increase from $2,250,000 in 1956-57 to $15,500,000 in 1959-60. Do you still want to go back to the standards of 1956-57?

The Leader of the Opposition criticized the Minister of Finance and said it was most unfair to justify a change in the recommendations by the argument that since union Newfoundland had also received a good deal of financial help from Ottawa along with the other Atlantic provinces. The Minister of Finance was not justifying anything; he was just stating facts, and he put all those facts on record in *Hansard* where they are mute but eloquent testimony of the assistance which Newfoundland has received from our government in the past two years, assistance far and away beyond anything which had been received from the previous government.

I think the Leader of the Opposition does not want to hear about all the things that this government has done for Newfoundland since it came to office. He does not like to hear what increased financial assistance has been provided.

Mr. Pearson: I want to hear about this bill.

Mr. Browne (St. John's West): That's right. You want to get back to the 1956-57 standards of $2,250,000. As far as Newfoundland is concerned, as far as Newfoundlanders are concerned and as far as constituents of Bonavista-Twillingate, of Burin-Burgeo and any other part of Newfoundland are concerned, it does not make any difference whether the money comes in under term 29 or whether it comes in under the Atlantic provinces adjustment act or whether it comes in in any of the different ways in which money has been flowing into the treasury of Newfoundland since we came to office. It makes no difference. My hon. friend the minister of health (Mr. Monteith) could say something about this. How much was the Newfoundland government getting from the federal government in respect of hospital insurance in 1956-57? Nothing. How much were they getting from the federal government in 1959-60 for hospital insurance; how much was any province getting before we came into office? Not a cent. How much is Newfoundland getting now? More than $4 million, $4.6 million, to be exact. Perhaps hon. members opposite do not like hearing about the increase in hospital insurance payments, the increases under the health grants, the increase in unemployment assistance, the increase in university grants—

Mr. Pearson: With 30 per cent unemployment, you needed an increase in unemployment assistance.

Mr. Browne (St. John's West): —the increase in grants for picnic sites and access roads and so on—all money contributed by the federal government to the government of Newfoundland resulting in an improvement of services, and levels and standards of services in that province. All that money from whatever source it comes and into whatever department of government in Newfoundland it goes is used equally for the benefit of Newfoundland. Surely a contribution of over $4 million to the department of health on account of the hospital insurance scheme constituting as it does, I believe, 71 per cent of the total cost of the insurance scheme in Newfoundland is something that should be known to the Leader of the Opposition and to all other members in this house as well as to people all over Newfoundland.

Mr. Pearson: We know all about it. It was Liberal legislation.

Mr. Browne (St. John's West): It does not make any difference either if grants of a similar kind are made to other provinces as long as Newfoundland is getting its share. As I say, the Minister of Finance was not attempting to justify any change in the recommendations; he was just citing the facts.

Let us look at the total revenue which Newfoundland is receiving today. You will

find these figures listed in the public accounts of Newfoundland and in the estimates for various years.

They are:

	1956-57	1957-58	1958-59
Total revenue ..	$44,095,000	$49,200,000	$74,140,000
Federal grants ..	22,100,000	24,000,000	49,726,000

The federal grants are 66 per cent of the total revenue of Newfoundland in 1958-59 as compared to 50 per cent in 1956-57.

Mr. Pickersgill: Would the hon. gentleman permit a question?

An hon. Member: Sit down.

Mr. Pickersgill: That includes the money which has not yet been paid.

Mr. Browne (St. John's West): I know exactly what the hon. member is going to say. He is going to say that that includes the amount for 1957-58.

Mr. Pickersgill: Yes, it does.

Mr. Browne (St. John's West): And in 1959-60 the total revenue will amount to no less than $71,587,000.

Now, I have here the revenue of the province of New Brunswick, a province which is 50 per cent larger than the province of Newfoundland, yet the revenue is not 50 per cent greater. Indeed, it is very little larger than the revenue of the province of Newfoundland. I suppose I may as well give it to the house. I have it here. The revenue of the province of New Brunswick for 1959-60 is $74,888,000 and the revenue of Newfoundland which is only two-thirds the size is $72 million dollars. And of that sum the federal grant amounts to $46,800,000, or no less than 65 per cent.

Now let us compare the increase in the provincial revenue—the real provincial revenue—with the increase in the federal grants:

	1956-57	1957-58	1958-59	1959-60
	(millions of dollars)			
Provincial Revenue .	22.0	25.2	24.4	24.0
Federal Grants	22.1	24.0	49.7	46.8

There is an increase of about 12 per cent in provincial revenue between 1956-57 and 1959-60. Whereas the federal grants show an increase of over 110 per cent in the same period.

Thus it can be seen that the revenues of Newfoundland have suddenly increased since we took office and the standards and levels of public services have increased accordingly. The credit is due entirely to us, and these patriots, these men who love Newfoundland—there are no traitors among them—all want to go back to the 1956-57 standard.

The levels and standards have increased to a degree that no one, not even the premier of Newfoundland himself, had ever imagined was possible. The Newfoundland minister of finance himself said he never dreamed he would be bringing in a budget of $74 million dollars, and nobody else did either. This is not accidental. This is the result of the policy of our government. Newfoundland has never been so well treated as it has during the past two years under the able leadership of our Prime Minister (Mr. Diefenbaker), and no one knows this better than the premier of Newfoundland and my good friend—I wish I could say my learned friend—the hon. member for Bonavista-Twillingate.

What is the policy of the government? Yesterday the hon. member for Bonavista-Twillingate read from the report of the federal-provincial proceedings for November, 1957. I do not think I have time to read from it—

Mr. Pickersgill: Oh, go ahead.

Mr. Pearson: I think the minister ought to be given time to get to the bill.

Mr. Browne (St. John's West): I thank the hon. member for that suggestion because I know he does not want to get away from it.

Mr. Chevrier: I think the minister ought to say a few words in French, too.

(Translation):

Mr. Browne (St. John's West): Perhaps I will say a few words in French—

(Text):

The hon. member for Bonavista-Twillingate (Mr. Pickersgill) read from the federal-provincial conference proceedings of 1957. This is another book I keep very close to me and read from time to time because I find it most inspiring.

Mr. Pickersgill: Almost archeological.

Mr. Browne (St. John's West): I would like to read particularly the opening speech of the Prime Minister in which he said:

> We desire to achieve harmony in the operation of our governmental institutions in Canada.

Again he said:

> The purpose of each of us here today, as premier Smallwood said in effect, is to come together in a spirit of amity, to endeavour while maintaining the spirit and intent of the British North America Act to assure the ability and capacity of the federal and provincial governments to discharge their respective constitutional functions.

He then went on:

> We believe that this federation cannot thrive in a climate of glaring disparities in levels and standards of service and development—

Does that not have a familiar ring: "levels and standards of service"? Those words came from term 29. I continue:

> —as between the several provinces from Newfoundland to British Columbia. It is our opinion that positive government is necesary both at the dominion and provincial levels in assuring national

development and we are prepared to assist provinces in carrying out their functions where we agree that is necessary and when parliament approves. We are prepared to consider on their merits major projects which will contribute to national development and which are beyond the capacities of any of the provinces.

Has that not been carried out in New Brunswick and in Saskatchewan? It will be carried out in other provinces as well.

Mr. Speaker: Does the house agree to give the hon. member additional time?

Some hon. Members: Agreed.

Mr. Browne (St. John's West): Thank you, Mr. Speaker, and thank you, my hon. friends.

The Prime Minister went on to say:

Now may I turn for a moment to the subject of fiscal relations in particular. As I view the situation, the first problem we have to consider is the need for some special recognition of the situation of the Atlantic provinces. There is, of course, a royal commission considering the particular problem of Newfoundland in accordance with the undertaking in the terms of union, so I shall not endeavour to express opinions upon Newfoundland's position pending receipt of the recommendations of the commission.

My hon. friend quoted this. I continue:

I believe that we all recognize, however, that the Atlantic provinces as a group are confronted with greater difficulties in public finance than the rest of the nation, if they are to maintain the sort of provincial and municipal services that Canadians generally expect.

Are these the words of a man who is unfair or untrue to the interests of Newfoundland or of any province in Canada? I say no. Those are words expressing the thoughts of a man who is really ambitious to see that all parts of Canada shall have equal opportunities to progress. The Prime Minister went on to say:

My colleagues and I are prepared to recommend to parliament some form of special assistance to the governments of the Atlantic provinces. I ask you to consider—

I repeat, "I ask you to consider"—you, meaning the group of premiers. I continue:

I ask you to consider what the total amount should be and how best it can be divided, for it must not be forgotten that this assistance will be provided by all the people of Canada.

We know what happened. They recommended $100 million for the Atlantic provinces and Newfoundland was to receive $30 million of that. My friend the hon. member for Bonavista-Twillingate knows that that sum will go into every harbour, cove, town and settlement in his dear district of Bonavista-Twillingate as much as it will go into mine.

Not only Atlantic grants totalling $30 million in four years are to be considered, but there is also the Atlantic power act. I should like to ask what happened to the request of the premier of Newfoundland concerning the building of a transmission line from Bay d'Espoir? We agreed to do that at a cost of $10 million. What happened? We have not heard about it since we told the premier about it.

When that $30 million was voted for Newfoundland we received letters of thanks from the parliaments of New Brunswick and Nova Scotia but no one heard a sound from Newfoundland. Did anyone hear what the premier had to say about it? No, he just tucked it in his pocket and never said a word of thanks. The first sign of any gratitude came from the hon. member for Bonavista-Twillingate yesterday when he said he approved of it.

Mr. Pickersgill: I said so on the bill, too.

Mr. Browne (St. John's West): That was the first indication we had of any gratitude. This money was really a godsend to Newfoundland. I do not know how the province would have got along without it.

Mr. Pickersgill: I agree.

Mr. Browne (St. John's West): In 1958-59 Newfoundland is to have a surplus of $12 million and in 1959-60 a surplus of $4 million, as a result of what is being paid. I am sure the present Minister of Finance of the federal government would like to have even that small surplus.

The Leader of the Opposition said that the problem was complicated. If the problem is complicated the report of the commission is extremely complicated. I do not know how many hon. members have read this report but it certainly is a difficult report. I found it exceedingly difficult to understand. If they read it thoroughly they will recognize that what the government is doing represents a very much better means of solving the financial problems of Newfoundland than was provided for under term 29.

The hon. member for Burin-Burgeo said that this bill postpones a final settlement indefinitely and he is right. There can never be any final settlement to the relationship between the federal government and the provinces. The original subsidies were given to the provinces in 1867 and thereafter have been changed ten times. It is reasonable to conclude that this parliament is not attempting to write finis to financial aid to Newfoundland. I should like to compliment the hon. member for Assiniboia for his very reasonable speech. I really expected he would support this measure from the way he spoke.

The bill provides for a review of fiscal relations between Newfoundland and Canada before March 31, 1962. The special circumstances of Newfoundland will be considered.

If the present premier of Newfoundland is in office then—which I hope he will not be, for the good of Newfoundland—he will be able to put forward in his own inimitable way, probably assisted by the hon. member for Bonavista-Twillingate who is so close to him, very good arguments as to why Newfoundland should continue to receive financial aid.

The action of this government in providing special Atlantic grants was a guarantee of the goodwill of this government toward Newfoundland and of its future attitude toward that province. Those grants amount to $7,500,000 a year.

We heard the hon. member for Assiniboia speak of the poor housing and bad roads in Newfoundland. He said it was appalling to see the roads there. In contrast let me read one or two extracts from the budget speech of the minister of finance of Newfoundland. He said:

> I think it will be universally agreed that the union of Newfoundland and Canada has been a very happy one, and a very successful one. You could almost count on the fingers of your two hands the number of persons in this province today who do not share the universal view.

In the final paragraph he made another interesting statement. Before I read this part I want to remind the house that an hon. gentleman yesterday read extracts from the report of the royal commission to the effect that the commission found that there had been very little improvement in public services in the first eight years following confederation. Now listen to the final paragraph of the speech of the provincial finance minister:

> And so, Mr. Speaker, we have seen ten years of confederation. We have seen ten years of steady and in some respects spectacular success. Newfoundland is beyond all comparison healthier, richer and happier than she ever was before. We are better fed, better clothed, better housed than we ever were. We have more roads, more cars, more electric light, more of almost everything than we had ten years ago.

Those are the words of Mr. Spencer, the minister of finance of Newfoundland. If the commission found that very little change had taken place in the province in the first eight years, then our government must get the credit for all of the progress made. I am sure, Mr. Speaker, that every member of this house rejoices in the progress that has been related by the Newfoundland minister of finance, and I am quite sure that everyone, even the members of the opposition, recognize in their hearts that we have contributed most substantially and made the greatest contribution to that progress and to that happy state described by the minister of finance.

In Labrador, the government of Newfoundland still has rights left, rights to royalties, not rights to timber, water power or minerals, but rights to royalties from those companies which are exploiting the minerals there. In the very near future Newfoundland expects large revenues from those royalties. We hope that soon materializes; we hope the progress described will continue and we believe that with the help of our government Newfoundland will have a greater and a happier future than any of the members of the opposition ever dreamed of.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I cannot conscientiously support the principle of this bill because if I did I believe I would be acting as a traitor not only to the people of Newfoundland but to the people of mainland Canada as well since today, in so far as this question is concerned, their integrity and their honour rest in our hands. My reasons for saying this are as follows: In the first place, this bill is a part of the Canadian constitution but its principle is to destroy one of the constitutional rights of Newfoundland, a right which was the determining factor that caused Newfoundland to agree to become a part of Canada. It removes the substance from our constitution and substitutes a shadow in its place.

I was not only surprised, I was shocked, to hear the Minister without Portfolio, the hon. member for St. John's West (Mr. Browne), say that the legal obligations of our constitution have been fulfilled in this bill. How can a legal obligation be fulfilled by a bill which destroys one of our rights under the constitution of Canada? And if there is no legal obligation, what about the moral obligation? Is that not important, to the hon. member for St. John's West? Term 29 no longer exists when this bill is passed and in its place we shall have a vague promise of a review that will take place some time after March 31, 1962 and which will take into consideration the special circumstances of Newfoundland.

One may well ask, if the guarantees contained in the constitution of Canada itself have no value, what worth can be placed on any assurance given in this bill? In this respect the principle of the bill is contrary to the principle of the constitution itself—the British North America Act, of which this bill is a part, since it finalizes the union of Newfoundland with Canada. Not only is the principle of this bill contrary to that of the constitution but it violates the spirit of the constitution in that it terminates by unilateral action a solemn agreement between two sovereign parties. The sins of the former Liberal government, recounted by the Prime Minister (Mr. Diefenbaker) this afternoon, are no justification for that. Two wrongs can

never make a right and the Minister without Portfolio, the hon. member for St. John's West, can quote figures until he is black in the face, and still these facts remain. They cannot be obliterated and they cannot be justified.

The action contemplated by this bill and the attitude which it indicates are prejudicial to national unity. Ten years ago of their own free will Newfoundland took an irrevocable step, placing their faith solely in the honour and in the integrity of the Canadian people. Now at a time when national unity is so important and should be our main objective, the bitterness and the resentment of a half million Newfoundlanders who are stung by a sense of betrayal—

Mr. Grafftey: Who provoked it?

Mr. Carter: —are something terrible to contemplate.

The constitutional aspects of this bill were fully discussed yesterday and again today and I do not propose to go any further into that question except to reply to one point made by the Minister of Finance. Yesterday the minister said, and I am quoting from page 5898 of yesterday's *Hansard*:

> The second question which arises is as to what the commission meant by the word "thereafter" in the final line of the final recommendation. This naturally presents a question, and in endeavouring to determine the meaning to be given to this expression in the report one must of course have regard to the fact that these commissioners are not men who are given to expressing themselves in words of imprecise meaning.

This is what the minister said yesterday but what did he say last September? I am quoting now from *Hansard* of September 4 at page 4624. This is what the minister said then:

> I have indicated that this is not a matter for one year but one that is going to be of continuing effect in the years to come. The royal commission has not set any particular period on the time within which the proposed annual payments of $8 million less transitional grants are to run. Accordingly, Mr. Chairman, we are dealing with a very large matter.

Mr. Pearson: When did he change his mind on that?

Mr. Carter: This, of course, was before the minister had time to think up a change of position. I am not going to take the time to elaborate on these two statements because they speak for themselves.

Some hon. Members: Carried.

Mr. Pearson: It will take all the longer if you start that.

Mr. Carter: I am going to take my time. The adequacy or otherwise of these payments included in this bill will be dealth with by my colleague from Newfoundland. Money is always important, particularly to a have-not province, but whatever payments are made under this bill or any other measure will depend largely upon the spirit and attitudes we develop toward each other as separate parts of a great nation which has been so appropriately designated a dominion. This, in turn, will depend upon our ideas, our concepts and comprehension of what confederation was meant to be and what it actually has become. An act of parliament can join two countries together, but it cannot achieve unity and a nation without unity is like an empty shell without the all important kernel; it looks all right on the outside but the vital seed, life powers so essential to future growth and development, is missing.

The act of union of 1840 is a fine example of this. It joined together Upper and Lower Canada into a union which Sir John A. Macdonald himself referred to in a speech at Halifax as nominal only. When we Canadians discuss national unity we are prone to think mostly in terms of French speaking and English speaking Canadians. This is certainly a very important aspect of the problem as the hon. member for Montmagny-L'Islet (Mr. Fortin) pointed out in his excellent address at the opening of this session. But equally important, and equally difficult to solve, is the problem of unity between English speaking Canadians in general and between the nine English speaking provinces in particular. It is right and proper that we should work to achieve unity with our French speaking compatriots. But should we overlook the necessity of putting forth any effort to achieve unity amongst ourselves? In the absence of a language barrier, for some unaccountable reason we assume that unity follows automatically. Nothing could be further from the truth.

The whole course of our history since confederation proves the fallacy of that assumption. If we need any further proof we need only go back to the dominion-provincial fiscal conference in 1957. Anyone who analyses the speeches made by the 10 provincial premiers on that occasion could only conclude that far from having a national concept, we think and act as if Canada were merely a group of separate states joined together by the Canadian National Railways and the C.B.C. Perhaps we should not be surprised at this because if we look back through the corridors of our history we find that it was ever thus.

The dominion-provincial conference to which I referred a minute ago only confirmed that we have made very little real progress toward genuine national unity. Such unity as we appear to have is more glitter than gold, more shadow than substance. It may appear genuine on the surface, but if we are honest we must admit it does not run very deep; our divisions are still very real. They arise primarily out of mutual suspicion and mistrust.

An hon. Member: Caused by the Liberals.

Mr. Carter: There was distrust of the motives of the two Canadas when they approached the maritime provinces and held out to them this vision of a Canadian nation. This distrust, unhappily, has been confirmed over and over again by the actions and attitudes of the central provinces during the past 80 years. Hon. members who have been indoctrinated with the myth that the poor down and out Atlantic provinces sought union with Canada for their own benefit may be surprised to learn that it was Canada, and not the maritimes, who made the first approach. These are historical facts. The reasons are quite clear. The maritimes could get along without Canada, but for central Canada confederation was an absolute necessity.

To refresh our minds let us go back in history to the period in which confederation first took place. At that time the British North American colonies were divided into two isolated groups separated by hundreds of miles of uninhabited wilderness from Upper and Lower Canada in central Canada to the maritime provinces on the eastern seaboard. The minister yesterday made this statement, and I am reading now from page 5903 of *Hansard*:

> —does anyone doubt that honourable solutions of fiscal problems between the provinces and the dominion after that date will be earnestly sought? This is the way the Canadian confederation has worked, and in the view of the government this is the way the Canadian confederation will work in 1962 and in the years to come.

This, sir, is precisely the point. We do not want confederation to work—at least I do not want confederation to work—in the years to come as it has worked in the years gone by. We want to learn from our mistakes, not repeat them. As I said, the Canadas were separated from the maritimes and to their south was a new, vigorous and prosperous nation, the United States, which had come into being 100 years before. This nation had broken away from the mother country and the crown to which the British North American colonies owed allegiance and appeared to take it for granted that sooner or later the British North American colonies would seek union with them. The hostility between the United States and Great Britain engendered by the American revolution was renewed by the American civil war which was going on at that time and in which Great Britain sympathized openly and assisted the cause of the southern states.

It was natural that this hostility should overflow toward the British colonies. The British government had learned from bitter experience in the American revolution how difficult it was for their regular armies to wage war in the North American wilderness—

Mr. McGrath: Will the hon. member permit a question?

Mr. Carter: —and was deeply conscious of their inability to defend their North American colonies from a concentrated attack by the United States. They were anxious, therefore—

Mr. McGrath: Will the hon. member permit a question?

Mr. Carter: I will permit any questions you want to ask after I am finished.

Mr. McGrath: I want to know what relationship this has to the bill?

Mr. Carter: You wait a minute, and you will find out. The British government was very anxious that the North American colonies should take some responsibility for their own defence, and to do this some form of union between them was necessary. It was in this setting that the British North American colonies found themselves in the year 1864, and for the benefit of my hon. friend if he cannot contain his patience, I refer to this because it affords an interesting parallel between the experience of Newfoundland and the experience of the other maritime provinces since confederation.

In 1864 the maritime provinces began taking steps to form a confederation of their own. It was a propitious time. The maritime provinces were enjoying unprecedented prosperity based on their shipbuilding industry, their shipping industry and a lucrative foreign trade.

They had developed sound economies with both Nova Scotia and New Brunswick budgeting for surpluses of nearly half a million dollars. That is not exactly hay even in these days, but in those days it was something relatively huge. With their public debt of about $13 per head, their financial position generally was sound and capital was flowing in to develop their natural resources. Mines were being opened up, manufacturing industries were being established and prosperity was growing. Recognizing the threat to their security and bearing in mind that union had brought prosperity to the colonies in the

south, in 1864 they took the first steps towards bringing about a maritime confederation.

It was then that Sir John A. Macdonald and Hon. George Etienne Cartier arrived on the scene with their vision of a British North American nation and their proposal that the maritime provinces should unite with them to bring it about. As a further inducement they held out the prospects of the maritime provinces becoming the Massachusetts of British North America. The manufacturing industries of the maritimes would supply the agricultural economy of central Canada. The intercolonial railway which the maritime provinces had planned to build for themselves would be extended to Montreal and Toronto, with central Canada bearing the largest cost. Thus maritime coal would have a market in central Canada and the maritime provinces would provide a market for central Canada beef and farm produce. In addition to this domestic trade, all the foreign trade of the confederated provinces was going to flow through maritime ports; and Halifax and Saint John, New Brunswick were destined to take their place among the great emporiums of the world. These promises were all outlined in speeches by Sir John A. Macdonald and Hon. George Etienne Cartier as they toured the maritime capitals, and they are a matter of record.

This idea of a British North American nation appealed to the patriotic instincts of the maritime people but they were frankly sceptical of the purity of the motives that prompted it. They had heard of the old saying "Beware of the Greeks, especially when they come bringing gifts". They knew that Upper and Lower Canada were enjoying a measure of prosperity but they knew also that it was based largely on trade with the United States which would diminish, if not disappear, when the civil war ended. They knew that the population of Upper Canada, like their own, had been greatly increased by the influx of Loyalists from the United States. They were aware that while the population of the two Canadas was over three times as great as theirs combined, yet the per capita public debt was $65 as compared with theirs of $13.

They were aware that the two Canadas themselves were joined together in a union which was so imcompatible that it could not possibly work and would have to be dissolved. They were conscious of the fact that the St. Lawrence seaway, frozen up five months or six months out of the year, made the two Canadas dependent on the United States for an outlet to the sea. This made them particularly vulnerable to pressure from the United States which could force them into political union simply by denying them access to the sea. The maritime leaders knew that without access to the sea the economic life of the two Canadas would be severely restricted, if not completely strangled and that unless the maritimes confederated with them the two Canadas could never of themselves become a nation and would eventually be absorbed into the United States economy.

They saw that Upper and Lower Canada had nothing to lose and everything to gain from their proposals while the maritimes had much to lose, including their industries and their prosperity, because they would become a captive market, and whatever benefits they received would depend entirely on the good faith of the people and the government of central Canada. Consequently they had misgivings; and so for them confederation would be an act of faith.

But the maritime provinces, like Newfoundland, had one vulnerable spot. Their Achilles heel was an overwhelming patriotism and loyalty to the British crown and British traditions. For the sake of ensuring that North America would remain within the British commonwealth, in 1867 they finally entered into union. They knew it would involve some sacrifice and they were prepared to make it out of loyalty and patriotism in order to preserve British influence in North America.

But they saw too that the vision of a British nation in North America could become a reality and that their prosperity need not be impaired—and could even be improved—provided that the central provinces were sincere and would live up to their side of the bargain. So they came into confederation fully realizing, that like Newfoundland they were putting themselves completely at the mercy of central Canada whose larger representation would control the federal government and their only protection was sincerity, good will and good faith on the part of those whose proposals they had accepted.

Ninety years have now passed and to what extent has that faith been justified? What is the verdict of history? I am not going to take the time of the house to deal with that matter because we know what has happened. We know what world emporiums are on the Atlantic seaboard. We know what has happened to the shipping industry, the shipbuilding industry and to the prosperity of the maritimes. The answers to all these questions are recorded in history and they prove that the scepticism and fears of the people of the maritimes were well founded when the Upper Canada "Greeks" appeared with their gifts and promises.

Once their dependence on the United States had been removed; once their means of defence had been organized and a line of

defence communications set up to make possible supplies and reinforcements from the mother country; and once the outlets on the Atlantic seaboard had been secured to permit expansion of their trade and commerce, central Canada had little further use for the maritimes, and the great national vision became concentrated within the confines of Upper and Lower Canada.

No blame is to be attached to the ordinary people of those days because they were uninformed. Mass communications were few and far between and were poor in quality. But the federal government of the day certainly knew what was going on and it is on them that the blame must be placed. The big business interests of central Canada had no intention whatever of permitting strong competitive economies to develop on the eastern seabord and they succeeded in bringing to bear on the federal government sufficient pressure to ensure the success of their plans.

It was not long before the maritime provinces—deprived of their trading advantages, forced to buy in a captive market, victims of preferential tariffs designed to protect the industries and economy of central Canada to which their own economies had been made prisoner—began to assume the status of poor relations dependent upon the bounty and generosity of their sister provinces. That is the way that confederation has worked in the past. I ask the Minister of Finance whether that is the way in which he wants it to work in the years to come.

Newfoundland did not have any part in this great North American drama but she was a very interested spectator. She did not send delegates to the Charlottetown conference when the maritime confederation was being discussed, but she did send two delegates—Hon. F. B. T. Carter and Hon. Ambrose Shea—to the Quebec conference where the resolutions embodying the terms of the larger union were drawn up.

These terms were so unacceptable that Newfoundland rejected them outright, as indeed did Prince Edward Island and the other maritime provinces. In New Brunswick the proponents of confederation were so roundly defeated in a provincial election that Dr. Tupper, the Conservative leader, dared not risk an election in Nova Scotia on the same issue and the people of Nova Scotia to this day have never had a chance to vote on that issue.

Thirty years later, as the Minister without Portfolio pointed out, in 1894 Newfoundland, after experiencing a series of disasters—

Mr. McPhillips: Mr. Speaker, I rise on a point of order. I am following the text and I find that the hon. member has made a mistake in his speech.

Mr. Pearson: That is very clever.

Mr. Speaker: This has been a very general debate, but the hon. member, as I followed him, spent about 15 minutes on confederation without seeming to relate it to the bill. I hope he will do so in the time which remains.

Mr. Carter: Mr. Speaker, I was endeavouring to draw a parallel between the experience of Newfoundland over the last ten years and the experience of the maritime provinces over the last 80 years, and I was replying to a statement of the Minister of Finance (Mr. Fleming), who said he wanted confederation to work in the years to come in the same way as it had worked in years past. If that is what the Minister of Finance wants, that is something which I do not want.

As I said, in 1894 Newfoundland, after experiencing a series of disasters, made overtures to the government of Canada concerning confederation. The terms offered on that occasion were so harsh that even in the dire extremity in which she found herself Newfoundland had no choice but to reject them again. But by 1949 circumstances had changed. Due to the establishment of United States bases, good fisheries, a flourishing paper industry and successful mining developments, Newfoundland was prosperous as never before in her history. She had accumulated a surplus of $40 million and her public debt had almost vanished. Her population was over 350,000. She owned 100,000 square miles of territory of vast potential wealth in Labrador and two great international airports at Gander and Goose Bay. Moreover, two wars had demonstrated her strategic importance as the sentinel of the Atlantic guarding the eastern gateway to Canada. Now she could enter confederation without coming empty-handed to the wedding, and so the marriage took place on March 31, 1949. Today that marriage is being consummated. It should be a day of rejoicing. In Newfoundland it is a day of sorrow, because if the entry of the maritimes into confederation was an act of faith, the entry of Newfoundland was doubly so. We had no elected government of our own to negotiate on even terms with the government of Canada or even to represent the will of the people during those negotiations.

The hon. member for St. John's West tried to make much of the point that Newfoundland did not have her sovereignty. The hon. member knows very well why Newfoundland did not have her sovereignty. At the time

Newfoundland was governed by a dictatorship appointed by the British crown and not elected by the Newfoundland people, which did not represent the wishes of the Newfoundland people but represented only the will of the British government in London, and the will of the British government was to force Newfoundland into confederation come what may.

Mr. McGrath: What did you do to try to restore sovereignty in 1949?

Mr. Carter: What was that?

Mr. McGrath: I said, what did you do to try to restore sovereignty in 1949? Let the hon. member answer that question.

Mr. Carter: Does the hon. gentleman know what any person can do under a dictatorship? I think I should remind the hon. gentleman and the other hon. members of the house that it was the very hon. gentleman from St. John's West, the Minister without Portfolio, who was one of the gentlemen who gave away Newfoundland's sovereignty.

Mr. Browne (St. John's West): Mr. Speaker, I think I should not let that stand uncontradicted on the record and I rise on a question of privilege. I cannot be said to be the one who gave away Newfoundland's sovereignty, because we did not have true sovereignty. That is, Newfoundland was not a dominion under the statute of Westminster.

Mr. Carter: There will be lots of time to reply to the hon. gentlemen. The referendum which took place in Newfoundland concerning confederation showed only a majority of some 7,000 votes out of 150,000 votes cast, and that only on the second ballot. We had no battery of economic experts to prepare our case or to examine and analyse our estimated revenues and financial requirements as worked out by the federal experts, calculations which the hon. gentleman from St. John's West has admitted contained tremendous errors of 100 per cent and over. But we did have term 29 which made it possible for all errors to be corrected after a trial period of eight years and we, like the people of the maritimes, were willing to trust the people of Canada that they would do right by us when the time arrived. Term 29 was to be our lifesaver, our sheet anchor, our only protection against all eventualities that might arise in the future.

The Minister without Portfolio asked, did we want to go back to the levels of 1957? Who said anything about going back to the levels of 1957?

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

[Mr. Carter.]

Mr. Carter: Nobody on this side made any such assertion. What we said was that term 29 was our guarantee that Newfoundland, come what may, no matter what misfortune might befall her, would never have her public services reduced below the level of 1957.

Mr. Henderson: Hurrah!

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The hon. member has only two minutes more.

Mr. Carter: Hon. gentlemen opposite laugh. Mr. Speaker, I do not know what the hon. gentlemen on the other side find so funny. Unless it is, Mr. Speaker, that they have a perverted sense of humour, which appears likely when we take a look at this bill, because the bill certainly is an expression of perverted humour. But what is funny about insisting on a guarantee that her level of public services would never fall below the level obtaining in 1957? What is funny about that?

An hon. Member: You.

Mr. Carter: Mr. Speaker, if we look back over the last ten years, it is evident that history has repeated itself. It is true that Newfoundland was given a warm welcome, and there was much evidence of good will in the first two or three years of the union. But very little interest has been shown in our difficulties, and very little effort has been made to understand the nature or the magnitude of the problems which would have to be overcome in order to close the gap between our levels of public services and those of the mainland, or between the fundamental differences in our concepts and outlook. It was not long before we were told that we must expect to receive exactly the same treatment as every other province. On the surface that appears logical and quite fair enough, but when you consider the extra handicaps that Newfoundland must overcome due to that 80-years gap to give Newfoundland equal treatment, it actually amounts to discrimination. I know that sounds like a paradox but it is the truth, because the effect of equal treatment is to perpetuate that 80-year gap and prevent Newfoundland from catching up with the standards of the other maritime provinces.

After three of four years of confederation we began to be reminded of the large sums of money Newfoundland was receiving from the federal government. As time went on the sums grew more fantastic and more inaccurate and misleading. The latest examples of these are the television broadcast by the Prime Minister, and we have the statements by the Minister of Justice (Mr. Fulton) during his first visit to Newfoundland in May.

But the latest example is the one put on *Hansard* by the Minister of Finance yesterday and by the Minister without Portfolio, the hon. member for St. John's West today. It is noteworthy that only one side of the picture is ever emphasized, namely the burden that Newfoundland is becoming upon the mainland taxpayers. Nothing whatever has been said about what Canada is receiving and has received from Newfoundland. The greatest care is taken not to mention by way of comparison what other provinces receive from the federal government. Newfoundland is singled out and presented in the worst possible light. When I asked the Minister of Finance for comparative figures on April 30 with regard to payments to other provinces he refused to give that information. I put a question on the order paper requesting the comparative figures for Saskatchewan. That question was made an order for return on May 13, eight weeks ago, but the government has not made them available and will very likely not do so this session. Is this conducive to national unity?

Mr. Speaker: I must inform the hon. member that his time has expired. The hon. member for Skeena—

Mr. Carter: Mr. Speaker—

An hon. Member: We have heard enough.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: If the hon. gentleman has not completed his remarks, in order to show the same consideration which has been extended from the other side, I am sure we should be delighted to have him continue.

Mr. Speaker: Does the hon. member for Burin-Burgeo wish to continue? Very well. The hon. member for Skeena—

Mr. Frank Howard (Skeena): I listened earlier today with a great deal of interest to the historical account and the statistical juggling engaged in by the hon. member for St. John's West, the Minister without Portfolio (Mr. Browne), and his account of the affairs of Newfoundland, and how well they had been managed by the federal Minister of Finance (Mr. Fleming). If the Minister of Finance has been so able in handling the financial, fiscal and economic affairs of the province of Newfoundland then it is about time he turned his attention to Canada as a whole and tried to straighten out some of the difficulties we are facing.

I am sure that all hon. members appreciate my own dislike and distaste for the premier of Newfoundland because of certain actions in which he has been engaged and certain legislation which he arranged to channel through the legislature, legislation which denied justice and freedom to people. All members might expect, that because of that they would hear of a move in retaliation, but we do not operate on that basis, and two wrongs do not make a right. Because the premier of Newfoundland has decided to deny justice to people is no reason why we should persist in the same sort of underhanded game. We approach this bill as we approach all other questions on the basis of fairness and justice to the people involved.

The government's present approach is, I think, regrettable, and if this administration had a sense of decency and honesty in this matter they would withdraw this bill, redraft it and resubmit it to this house in order that it might be in keeping with the solemn pledge and promise which was made to the people of Newfoundland when they entered confederation and the pledge which was made to them with regard to carrying out the terms of the union and the recommendations of the report of the royal commission. It is regrettable that the two gold dust twins over there, the Minister of Finance and the person who sits next to him have sought here to declare political warfare, with their legalistic terms and their twisty, fork-tongued interpretation of words in order to justify the awkward position that they are in. We believe that this is a betrayal of trust bordering very closely on treason.

Mr. Speaker: I must ask the hon. member to consider the language he is using. A minute ago he was reflecting on the honesty of the government, and now there is a mention of treason in connection with this bill. I must ask the hon. member to withdraw any suggestion of the word treason and also to moderate his language.

Mr. Howard: I certainly will. I understood that during previous proceedings in this house that self-same word had been used and allowed to pass, and it was on that basis that I proceeded.

Mr. Speaker: To remove any doubt, while I am sitting in the chair no one will impugn the honesty of any other member of the house.

Mr. Howard: I am sure you will recollect, Mr. Speaker, that when you suggested the word "treason" was unparliamentary the first word I said was that I would withdraw it without qualification. Then I explained why I had made use of it. I realize I was out of order and regret I was not better informed.

But we believe that political and economic justice should be provided for the people of Newfoundland, not political tomfoolery and back-stabbing, and on that basis we intend to oppose this bill.

Grants to Newfoundland

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): Mr. Speaker, I am rising to oppose this bill, and I am opposing it because it destroys one of the terms of the union of Newfoundland with Canada, and distorts the meaning of this union.

What are the terms of union? The terms of union are a solemn treaty entered into between the high contracting powers. They are a solemn contract and covenant entered into between two sovereign nations. They were signed by our representatives. They were signed by representatives of Canada. They were solemnly ratified by the parliament of Canada. As was then necessary, they were ratified by the United Kingdom parliament, and then they became part of the British North America Act, the fundamental law of Canada, the bulwark of the confederation.

It is in the British North America Act that the rights of the provinces are defined and established and set down for all time. It is to the British North America Act that Prince Edward Island looks to preserve its identity and its autonomy. It is to the British North America Act that the French Canadian looks to safeguard his language, his religion and his culture. The British North America Act is the link that crosses the Rockies and ties in British Columbia with the rest of Canada. This great sprawling nation, with all its differences, geographical, historic, climatic, ethnic, is kept together by the British North America Act and of course by the monarchy. And the terms of union are part of the British North America Act, and term 29 is part of the terms of union.

By term 29 Canada is supposed to enable Newfoundland to continue the public services at the levels and standards reached eight years after confederation without having to resort to unreasonable or unreasonably onerous taxation. As I see it, term 29 is a contract, a contractual obligation to use the Prime Minister's words. Under it there was on the part of Canada an undertaking, a guarantee that come what might, Canada would never allow the public services in Newfoundland to go below the level in 1957. Come what might, Canada would enable Newfoundland to continue our public services at the levels and standards then reached.

Of course, Newfoundland was to impose provincial taxation as heavy as the maritime average to continue the public services at these levels but if she was unable to do so without resorting to taxation more burdensome than the maritime average then Canada would provide the difference. How? By giving the additional assistance required. How much? As much as required. For how long? For as long as required. Not for five years or for fifty years but as long as required.

The royal commission was appointed and it sat and it made its recommendations. The sum of $8 million a year was recommended. The commission established two extremely important points. In the first place it clearly recognized a contract, a contractual obligation, a financial responsibility to Newfoundland on the part of Canada. Secondly, it put no time limit upon it: "and thereafter $8 million". There was dissatisfaction with the report but no one questioned its legality. What was questioned was its generosity, its lack of imagination. After all, it is quite possible to be legal without being generous.

Take a man's legal obligations to his children embracing food, clothing, shelter, and a minimum of education. A man without a heart or soul could discharge his legal obligations at low financial cost but no one would call such a man a generous man. A man's legal obligation toward his wife or his aged parents can be set at a minimum level in terms of dollars and cents but a man who set himself such standards would not be a very admirable character. There was another cause for dissatisfaction. The commission had set a specific amount with no attempt to make provision for changing events or circumstances in the future. Surely, we said, there should be provision for an escalator clause or a periodic review. That was ten months ago. And then the Prime Minister intervened. Why? Because, he said, of the dissatisfaction in Newfoundland. Many Newfoundlanders were elated. After all, if a man notices dissatisfaction and has the power to allay it, the natural assumption is that he will allay it, unless of course he intended all the time to kick us in the teeth.

That was ten months ago. The delay caused Newfoundland financial embarrassment. Over $13 million which was due the province immediately was withheld. In order to continue public services at standards and levels then obtaining Newfoundland had to borrow the money from the bank at 6 per cent. But after all, many Newfoundlanders said, it was worth it. The government of Canada was now considering the case and all would be well. Here was our chance to see a great human document which would put the final seal on the act of confederation. After all, it is not every day in the week that a new nation is born. Here was a chance for vision and magnanimity. The government of Canada was rich in vision; they had told us so. The Prime Minister had great visions about the undeveloped parts of Canada and was most anxious to see that they should have proper

levels and standards of public services. Here was a chance for generosity and sympathy. The way many thought the government of Canada would allay our dissatisfaction would be to take the bare bones of the contract and breathe the breath of life into it and make it a warm and living thing. What they actually did to allay our dissatisfaction was to take our contract, tear it into pieces and throw it back in our face. It was a gross betrayal.

Legalities have been mentioned but more than legalities are needed. If I understand history correctly nations are not built on technicalities. Nations grow in strength and greatness because of a union of hearts, and because of mutual understanding and aid between the various peoples who make up the whole. The measure of a nation's destiny can be gauged by the greatness of the comprehension of the peoples and their leaders of the mutual interests involved.

In term 29 the nation of Canada and the people of Newfoundland pledged their mutual faith in each other and left it for other people of similar goodwill to complete the union which they had begun. It is a pity that this final part of the creation of a mighty modern nation which should be a bright moment in its history should be tarnished by bad faith. It is degrading to see those who are walking with history attempt to reduce a great moment in a nation's development to the lowest common denominator in dollars and cents.

But the final act is not yet over. The time will come, and come it will, when those of us on this side of the house will be in a position to rectify this wrong being done today and justice will be done to the province of Newfoundland by a Liberal government of the future.

Mr. H. M. Batten (Humber-St. George's): Mr. Speaker, we have before us Bill No. C-72 which in my opinion is a complete and definite denial of the constitutional rights of Newfoundland. I said yesterday and I repeat now that term 29 gave to Newfoundland some special rights under the terms of union. I say that it was a special term because it was an agreement made between two countries. My friend the hon. member for St. John's West (Mr. Browne) quibbles about whether or not Newfoundland at that time was a sovereign country, but at least Canada and Newfoundland were two separate countries within the British commonwealth and had the right to make an agreement as to union between them. I believe that those terms of union which included term 29 represented a solemn declaration between two separate countries to enter into a union.

I believe that term 29 is an agreement altogether different from any entered into between the central government and a province, after Newfoundland became a province. If we examine the tax agreement contained in article 27 of the terms of union of Newfoundland with Canada we find there are five subsections. The first begins with these words:

> The government of Canada will forthwith after the date of union—

The second begins:

> The offer to be made under this term—

The third begins with these words:

> The offer of the government of Canada to be made under this term—

The fifth commences:

> If the province of Newfoundland enters into a tax agreement—

In every case with one exception we find that the agreement entered into between the central government of Canada and the province of Newfoundland as regards tax agreements refers to that period after Newfoundland had become a province of Canada. Term 29 was a different agreement altogether. I believe it was a solemn undertaking between the two parties and if any change is to be made in term 29 it should be made by agreement between the two parties.

I listened to the Minister of Finance (Mr. Fleming) yesterday and today as he talked about the fairness and the fair play which he would like the government to give to Newfoundland. I believe he was sincere. I heard the Prime Minister (Mr. Diefenbaker) use the same argument. I think he was sincere but I want to point out that the concept of fair play, surely, is not all on one side. I believe that if the two parties concerned in this agreement were to get together now or in the future it would be found that both parties have a concept of fair play which would result in a proper decision being reached between the two parties; but in the present situation we have a unilateral action taken by the government which destroys, eliminates and extinguishes this special right that was given to Newfoundland in the terms of union.

Yesterday the Minister of Finance in his opening remarks placed on *Hansard* at page 5901 a table showing all the payments that had been made to Newfoundland from the year 1949 to the estimated payments for 1959-60. To place only this table on *Hansard* may very well leave the impression in the minds of some people that these were special grants and that no grants under similar headings were made to other provinces. But what I would like to see here, and I would hope that during the committee stage the Minister

of Finance would be prepared to provide this information, is a similar table for Nova Scotia and New Brunswick and maybe one of the western provinces. I would like to see a table showing the amount of money that has been collected in Newfoundland under income tax, corporation tax, succession duties and customs and excise, to show that the amounts of money which are included in this table which the Minister of Finance placed on record are only one side of the coin. There is another side showing the amount of money which has been collected over those years in the province of Newfoundland. I should like to have a further look at these figures.

My hon. friend from St. John's West compared the amount of unconditional grants for the year 1957-58 with the year 1958-59. The total amount of unconditional grants, according to this table, for the year 1957-58 was $19,244,000. For the year 1958-59, according to this table, the total amount of unconditional grants was $40,847,000. The Minister without Portfolio says that here is an increase of over 100 per cent; but let me point out something here.

Mr. Browne (St. John's West): Mr. Speaker, I would like to say that I did not say that at all.

Mr. Batten: If the hon. gentleman has any remarks to make he can make them after I have finished.

Mr. Browne (St. John's West): On a question of privilege—

Some hon. Members: Order.

Mr. Speaker: The minister will be given a chance after the hon. member has completed his remarks.

Mr. Batten: We notice that for the year 1958-59 there was included in the unconditional grants for that year an amount of $7,500,000 which, for that year, was Newfoundland's part of the Atlantic provinces grants. I have said in the house before and I still say now—and I hope I shall have the opportunity to say it in the future both here and in other places—that I believe the present government, when they made the grants to the Atlantic provinces, did a very fine thing. I have agreed with them before and I agree with them now. I believe that the money they have given to the eastern provinces under these particular grants will do a lot of good, and any credit which the provinces can give this government for those grants it justly deserve. I have no argument there at all and I agree with what the government has done, but I do disagree with the hon. gentleman including in the $40,847,000, $13,550,000 which has not yet been paid.

Mr. Pickersgill: Or even voted.

Mr. Batten: And not even voted, and will not be voted until this bill is passed.

Mr. Browne (St. John's West): Who is holding it up now?

Mr. Caron: An hour and a half.

Mr. Pearson: How long did you speak?

Mr. Batten: In talking about the conditional grants made to Newfoundland the hon. gentleman went on further and referred to the $4,900,000 which had been given to Newfoundland under the hospital insurance scheme and now claims credit for legislation which was placed on the statutes of Canada before this government came into office.

The hon. gentleman wants to know what happened to the transmission line that this government offered to the province of Newfoundland. I will tell him what happened to the transmission line. Two years ago we had in this house a bill known as the Atlantic power bill. Under that bill the provinces of Nova Scotia, Prince Edward Island and New Brunswick were able to get assistance in the building of thermal power plants. I argued then, as I argue now, that the thing to do in Newfoundland, because we did not have supplies of coal and oil, and they would have to be transported there, was to use the available water power. I even moved an amendment to the bill but it was turned down by the government. If that amendment had been accepted and if the same assistance had been given to the province of Newfoundland to build hydro power plants that was given to the other maritime provinces to build thermal power plants, maybe we would have something to hook this line up to.

Mr. Browne (St. John's West): May I ask the hon. gentleman a question?

Mr. Batten: No. That is where the transmission line went. It is true that this government made the offer to Newfoundland but surely it would be a little bit silly to build a transmission line without any power plant at the other end of it.

Mr. McIlraith: That would be like the bridge at Prince Albert.

Mr. Speaker: Order; ten o'clock.

Mr Churchill: I wonder whether the house would consent to continue this interesting debate for some time?

Some hon. Members: Ten o'clock.

Mr. Chevrier: Agreed; carry on.

Mr. Speaker: I hear that it is ten o'clock.

Some hon. Members: No.

Mr. Chevrier: Mr. Speaker, in so far as we are concerned, there is no objection to carrying on.

Mr. Churchill: Is there some objection to carrying on? I think the house generally is agreed to proceed with the business tonight.

Mr. Speaker: The hon. member for Timiskaming draws my attention to the fact that it is ten o'clock.

An hon. Member: He does not have to sit here; he can go home.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the acting house leader what the business will be for tomorrow and the rest of the week?

Mr. Churchill: Mr. Speaker, the Secretary of State for External Affairs (Mr. Green) announced a tentative program last night which naturally will be subject to modification from day to day but tomorrow we will continue this debate and on its completion we shall then proceed with the second reading of Bill No. C-71, to provide for the humane slaughter of food animals. On that being completed we shall go on with estimates in the order in which they were indicated last night, namely trade and commerce, mines and technical surveys, fisheries, post office, northern affairs, secretary of state, privy council, national revenue and the C.B.C., legislation, health and welfare and finance.

I have to announce one change in the program as indicated last night. It is impossible for the Minister of Justice to be present on Thursday, as was thought then, so the two bills standing in his name will not come forward on that occasion. Last evening the minister of external affairs indicated that there had been a tentative agreement amongst the parties to commence sitting at 2.00 instead of 2.30 on Wednesday and at 7.00 in the evening, through Wednesday evening. I trust that will meet with the approval of the house.

Mr. Speaker: In order to have a definite arrangement about that I think the house should make its order now as to the hours of sitting, if it could be done by unanimous agreement. Will the minister state the arrangement again?

Mr. Churchill: The arrangement being that on Wednesday, and on subsequent days, the house assemble in the afternoon at 2.00 rather than 2.30 and assemble again at 7.00 o'clock rather than 8.00, and in addition continue on Wednesday evening from 7.00 to 10 or whatever time the house determines.

Mr. Chevrier: This arrangement, as announced by the acting leader and as stated also by the house leader last night, is satisfactory to us.

Mr. Speaker: I take it that is for the duration of the session? Does the house give unanimous consent?

Some hon. Members: Agreed.

Mr. Peters: In connection with this matter, I feel that many of the matters that are coming up now are of grave importance, and we expect to extend some of these hours. We gave one hour today, and we are in agreement to do that but Wednesday night was not one of the matters that was discussed. I think we would like to reserve the right to make an agreement beyond this week if the work is not finished this week. I do not think we should be bound, and particularly I do not want to be bound, for next week.

Mr. Speaker: Could we have unanimous agreement, then, to the times stated by the minister, excluding Wednesday night?

Some hon. Members: No.

Mr. Churchill: I think I understood the hon. member to say if it did not go beyond this week he was satisfied with that arrangement. I think I can give that assurance.

Mr. Speaker: The hon. member will be satisfied if the arrangement set forth by the minister is limited to this week?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered and the sitting hours will be according to this arrangement to which unanimous consent has been given at this time.

It being five minutes after ten the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

GRAHAM MOSES

Question No. 507—**Mr. Argue:**

1. Is a Mr. Graham Moses, presently employed by the Canadian government in any capacity?
2. If so, in what department, on what date was he appointed, by what authority, what are his duties, his salary, and what qualifications has he for this position?
3. On what date did Mr. Moses first enter government employment, what positions has he held, the date he took up service in each, and where has he served?
4. Were all of these appointments made through a civil service competition?
5. If so, what was the date and number of the competition?
6. If not, which ones were not, under what authority were they made, and on what date?
7. What moneys have been paid by the Canadian government to Mr. Moses in (a) salary; (b) expenses, each year since his first appointment, to January 1, 1959?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.

2. Employed by Defence Construction (1951) Limited, June 14, 1955. *Authority*: section 7, Defence Production Act. *Duties*: presently project manager at Frobisher Bay, Baffin island, Northwest Territories, responsible for supervision of all construction work on refuelling facilities project. *Salary*: it has not been the practice to make available the salary arrangements or remunerations paid to crown company employees. *Qualifications*: twenty-nine years' experience in construction industry, specializing in metallurgy, steel erection and fabrication, welding, underground steam distribution systems, reinforced concrete, and supervision of large multi-building projects.

3. First entered government service when employed by Central Mortgage and Housing Corporation January 2, 1952, as a construction inspector at the corporation's branch office in Ottawa; was employed by Central Mortgage and Housing Corporation until March 31, 1953.

Mr. Moses was hired by Defence Construction (1951) Limited, on June 14, 1955.

Positions held: June 14, 1955—project engineer, head office, Ottawa, Ontario. July 9, 1955—zone engineer, Winisk and Moosonee, Ontario. December 1, 1957—project engineer, head office, Ottawa, Ontario. September 13, 1958—project manager, Frobisher Bay, Baffin island, Northwest Territories.

4. No.

5. N/A.

6. Appointment as construction inspector C.M.H.C., under authority of the Central Mortgage and Housing Corporation Act, section 14 (1). Taken on strength January 2, 1952.

D.C.L. appointments described in answer to question 3 were made on the dates indicated, under authority of the Defence Production Act.

7. See answer to question 2.

HOUSE OF COMMONS

Wednesday, July 15, 1959

The house met at 11 a.m.

COMMITTEES OF THE HOUSE

Twenty-second report of standing committee on miscellaneous private bills—Mr. McCleave.

Third report of standing committee on agriculture and colonization—Mr. Stanton.

STARRED QUESTIONS

UNEMPLOYMENT INSURANCE—MINUTES OF INVESTMENT COMMITTEE MEETINGS

Question No. 112—**Mr. Caron:**

1. On what dates, since January 1, 1958, are there formal minutes reporting meetings of the investment committee of the unemployment insurance fund?
2. Which members of the committee were recorded as present on the occasions of each of such meetings?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer to these two questions is as follows; I will combine questions 1 and 2 in my answer. July 21, 1958, by letter signed by all three members. October 1, 1958; Mr. Coyne, Mr. Taylor, Mr. Cushing. January 9, 1959; Mr. Coyne, Mr. Taylor, Mr. Cushing. February 2, 1959; Mr. Coyne, Mr. Taylor, Mr. Cushing. March 18, 1959; Mr. Beattie, Mr. Taylor, Mr. Cushing. April 21, 1959; Mr. Coyne, Mr. Taylor, Mr. Cushing.

FUEL TENDERS, PUBLIC BUILDING, SHERBROOKE, N.S.

Question No. 113—**Mr. McWilliam:**

1. Were tenders called within the past year for the supply of fuel to the public building at Sherbrooke, Guysborough county, Nova Scotia?
2. If so, how many bids were received, in what amounts and which person was the successful bidder?

Hon. J. A. MacLean (Acting Minister of Public Works): Mr. Speaker, the answer to the first question is yes; public tenders were called on April 24, 1959. The answer to the second question is that three bids were received, as follows: R. W. Anderson, $21.47 per ton; Albert E. Whidden, $21.90 per ton; Sears and McIntosh, $22 per ton. The contract was awarded to R. W. Anderson, of Sherbrooke, Nova Scotia, the lowest bidder, for 20 tons of Acadia oil treated lump coal.

FEDERAL BUILDING SITE, NEW GLASGOW, N.S.

Question No. 114—**Mr. McWilliam:**

1. Were lands purchased by the Department of Public Works as a site for a federal building in New Glasgow, Nova Scotia?
2. If so, were tenders called for this land?
3. What bids were received?
4. Who was the successful bidder?

Hon. J. A. MacLean (Acting Minister of Public Works): Mr. Speaker, the answer to the first question is that the department has approved the acquisition of property in the end of the Town block, bounded by East River road, Donald and Temperance streets. Action is being taken by the Department of Justice toward completion of the transactions. The answer to the seond question is no, and questions 3 and 4 are answered by answer No. 2.

C.N.R. LAND SALES, TURCOT YARD, MONTREAL

Question No. 115—**Mr. Lessard:**

1. Has any land belonging to the Canadian National Railways, in the Turcot yard, Montreal, been sold since January 1, 1957, to individuals, corporations or companies?
2. If so, how many parcels have been sold and what are the names of the persons, corporations or companies acquiring same?
3. What was the sale price in each case?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the management of the Canadian National Railways advise me that the answer to part 1 is no. Parts 2 and 3 are, of course, answered by the answer to part 1.

CARCINOGEN RESEARCH

Question No. 116—**Mr. Martin (Essex East):**

1. Can the Minister of National Health and Welfare inform the house whether research is being carried on regarding the presence of a cancer-producing agent known as carcinogen, reported to be found in wax milk cartons?
2. If so, will the minister state what conclusions have been reached as a result of such research?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, in answer to the first question, research has been carried out in the United States on the chemical and biological aspects of a substance found in crude petroleum, the basic material employed in the manufacture of the wax used for milk cartons. This substance, known as dibenzanthracene, has been termed a carcinogen by scientists working on the experimental production of tumours in mice

2. It has been reported that two out of 50 samples of waxes examined contain dibenzanthracene in amounts of the order of one part per million and one half part per billion of the wax. While the substance has produced tumours when administered to mice it has not been shown to produce cancer in men and the chemical has not been detected in milk held in wax milk cartons. I am advised that while the findings are not final, no indications of a health hazard have been found.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL MUSEUM ANNUAL BUDGET

Question No. 181—**Mr. Argue:**

1. What was the annual budget for the national museum of Canada for each year since 1935?
2. What amount of this money was spent for each year specified?
3. What amount of this was spent each year on: (a) salaries of the senior officers, and salaries of the other staff; (b) exhibits; (c) publication of scientific studies; (d) scientific field work under contract; (e) scientific field work conducted by the permanent scientists of the museum; (f) purchase of specimens and collections; (g) public education?

NATIONAL MUSEUM—STAFF RESEARCH STUDIES

Question No. 195—**Mr. Argue:**

1. What specific research studies have each of the continuing members of the scientific staff of the national museum of Canada made for each year since January 1, 1945?
2. Have any of these studies been completed?
3. If so, which ones, what was the name of the person who did the research study, and on what approximate date was it completed?
4. Have any of these completed studies been published?
5. If so, which ones, what was the title under which it was published, the author listed, the name of the person who did the research, and by whom were they published?
6. How many completed studies remain unpublished, who made the studies, when were they completed, what is the title of each, is it intended that any of these be published?

NATIONAL MUSEUM—COLLECTIONS OF SPECIMENS

Question No. 204—**Mr. Argue:**

1. What scientific collections and specimens have been purchased by the national museum of Canada each year since 1945, and to which branch of the museum does each now belong?
2. How much money was paid for each collection, from whom were they purchased, and who authorized each purchase?
3. Which collections are presently on exhibit, which ones have ever been exhibited and of these what date were they last exhibited?
4. Are any of these collections presently in storage?
5. If so, (a) which ones; (b) how long have they been in storage; (c) in what buildings are they housed; (d) are these buildings fireproof; (e) who is in charge of the repair, maintenance and protection of each collection?
6. What proportion of the total collections and specimens owned by each branch of the museum are in storage?

FEDERAL COMMERCE NAVIGATION COMPANY LIMITED

Question No. 504—**Mr. Argue:**

1. Has any government department entered into a contract or agreement with Federal Commerce Navigation Company Limited at any time since its incorporaton?
2. If so, (a) what were the dates of the contracts or agreements, and with what department were they made; (b) for what purpose; (c) what was the nature of each contract or agreement; (d) what were the terms?
3. Were tenders called on each of these contracts?
4. If so, who submitted tenders on each contract, and what was the tender price?
5. On what date was this company incorporated?
6. What were the names of the original members of the board of this company, and who were their successors in each year since its incorporation to date?

PRICE SPREADS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I wonder if the Prime Minister could now answer a question I addressed to him last week as to the date on which the report of the royal commission on price spreads is likely to be received?

Right Hon. J. G. Diefenbaker (Prime Minister): I have not that information at the moment, but I will make inquiries of the chairman.

TELEVISION

ST. BONIFACE, MAN.—INQUIRY AS TO RECOMMENDATION BY BOARD OF GOVERNORS

On the orders of the day:

Mr. Laurier Regnier (St. Boniface): I should like to direct a question to the Minister of National Revenue. Has the government given any consideration to the proposals of the board of broadcasting governors in connection with the St. Boniface television station?

Hon. George C. Nowlan (Minister of National Revenue): The short answer to that question would be no, but the fact is that when this recommendation was received from the board of broadcast governors certain technical questions were raised as to the availability of other channels in the province of Manitoba. I referred the matter to the Department of Transport, and the difficulty having been resolved I intend to bring the matter before the cabinet in the immediate future.

FRUIT

INQUIRY AS TO PROCLAMATION OF CUSTOMS ACT

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Knowing his avid affection for agriculture I want to ask the Minister of National Revenue a question. In view of the approach of the fruit harvesting season, would the minister inform the house when it is the government's intention to relieve the growing anxiety of fruit growers by proclaiming section 40A, subsection 7, clause (c) of the Customs Act?

Hon. George C. Nowlan (Minister of National Revenue): When a decision has been made on that point it will be announced in due course.

AIRPORTS

WATERLOO-WELLINGTON—INQUIRY AS TO IMPROVEMENTS

On the orders of the day:

Mr. O. W. Weichel (Waterloo North): On behalf of my colleagues from Waterloo South and Wellington South I should like to direct a question to the Minister of Transport. Could the minister please advise what progress has been made in the proposed improvement of the Waterloo-Wellington airport?

Hon. George H. Hees (Minister of Transport): Yes. The hon. member was good enough to give me notice of his intention to ask this question. This year's construction plans call for the installation of a lighting system on runway 07-25. Tenders for this work were recently opened, and I understand that a contract has now been let through our regional office in Toronto. Estimated cost for the work was $25,000, but the final tender figure has not yet been forwarded from Toronto to Ottawa.

ST. LAWRENCE SEAWAY

OLD WELLAND CANAL—STATEMENT AS TO CLEAN-UP AND RESTORATION

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Welland asked me a question relating to the clean-up of the old Welland canal.

Tenders for the next major stage in this work have been received and opened within the last few days and are now being studied by the consulting engineers for this project, and by the St. Lawrence seaway authority, with a view to making a recommendation on acceptance of tender. This recommendation is expected within the next week and will immediately be submitted to treasury board for approval.

Inquiries of the Ministry

R. A. C. HENRY—INQUIRY AS TO PAYMENTS AS CONSULTANT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Transport of which I have sent him notice. Does the minister consider there is anything anomalous or worthy of investigation in the information tabled in this house which shows that Mr. R. A. C. Henry, a vice president of Marine Industries Limited, was receiving some $40,000 from this government as consultant on the St. Lawrence seaway at the same time that his company was getting many millions of dollars in contracts on the seaway from the Department of Public Works?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. The return to the order of the house shows that Mr. R. A. C. Henry was engaged as consulting engineer on the St. Lawrence seaway project from August 1, 1952 to September 30, 1954. The remuneration he received was paid through the Department of Transport.

I am advised that Mr. Henry was not engaged by nor received any remuneration from the St. Lawrence seaway authority. As the house knows, the St. Lawrence Seaway Authority Act was proclaimed on July 1, 1954, and no contract was let by the seaway authority until some time after that date. The date of the first contract given by the St. Lawrence seaway authority to Marine Industries was March 23, 1955.

Regarding the hon. member's inquiry as to whether or not I should like to pass comment on this matter, as this is something that took place under the former government he is in just as good a position to comment on it as I am.

SHIPPING

BRITISH COLUMBIA—STATEMENT RESPECTING PROVISION OF SERVICE TO UP-COAST COMMUNITIES

On the orders of the day:

Hon. George H. Hees (Minister of Transport): Mr. Speaker, yesterday the hon. member for Essex East showed a great interest in the shipping arrangements we have been able to work out on the west coast following the strike of Northland Navigation Company. As I advised him yesterday, the hon. member for Comox-Alberni and the hon. member for Skeena both showed great interest in this matter from the very beginning and discussed it

thoroughly with me. I kept them fully advised at all times, and thoroughly informed with regard to this matter. However, since the hon. member for Essex East shows the great interest he has, I am going to give him the information he asked for, Mr. Speaker.

Mr. Pearson: Very good of you.

Mr. Pickersgill: How condescending.

Mr. Hees: Mr. Speaker, the following substitutional services are in effect to provide essential supplies to the communities left without service as a result of the suspension of the subsidized services of Northland Navigation Company due to the strike.

1. Barkley Sound Transportation Company is instituting, on July 18, a temporary service from Port Alberni to the following ports formerly served by Northland Navigation Company. I might say to the *Hansard* reporter that although these names are somewhat difficult to understand I shall give him a list of them afterwards, so he need not worry too much about them. The list of ports is as follows: Ucluelet, Port Albion, Tofino, Clayoquot, Kakawis, Ahousat, Hot Springs Cove, Hesquiat, Nootka, Gold River, Mooyah Bay, Tahsis, Esperanza, Zeballos and Chamiss Bay (for Kyuquot).

Some hon. Members: Hear, hear.

Mr. Hees: Oh, we are just beginning, Mr. Speaker.

2. Coast Ferries Limited is continuing to serve regularly the lower Johnstone strait ports and the islands and inlets on the route to and from Vancouver.

3. Island Tug and Barge Limited is carrying out a barge service to the upper Johnstone strait ports including Beaver Cove, Alert Bay, Port McNeil, Port Hardy and Quatsino sound.

4. The packers of the various fishing companies are serving the following ports where there are fish canneries or storage plants: Smith inlet, Rivers inlet, Skeena river, Namu, Bella Bella, Klemtu, and Butedale.

5. B.C. Packers Steamship Company Limited is giving a regular call at Bella Coola.

6. Vancouver Tug and Barge Company Limited is calling regularly at Ocean Falls.

7. Straits Towing Limited is serving Prince Rupert and Kitimat and through the latter, Kemano; these ports also have road and rail connections.

8. Straits Towing Limited is serving Massett in the Queen Charlotte islands and from Massett there is road connection to Port Clements, Skidegate and Queen Charlotte city. Sandspit, the site of the Department of Transport airport, is situated opposite Skidegate on Skidegate inlet.

9. At Cumshewa inlet there were ports of call at two large logging camps which are closed because of the woodworkers' strike; there is logging road connection from these ports to Sandspit.

10. Up to this moment the Canadian maritime commission has not yet been successful in establishing a temporary service to Stewart, Kincolith, Alice Arm and Port Simpson in the Portland canal area; however, it is making every effort to organize such a temporary service out of Prince Rupert.

Mail for the coast communities is being forwarded either by air or by the services I have mentioned. Passengers will have to rely on the many air services available on the British Columbia coast, because there is no alternative steamship company with vessels available and capable of performing the required services.

The services I have described will not be as convenient as those normally given by Northland Navigation Company, but the communities served will receive the basic supplies necessary for their existence.

I hope the hon. member for Essex East has all the information that he requires to carry on, Mr. Speaker.

Hon. Paul Martin (Essex East): Mr. Speaker, I rise on a point of order. In doing so, of course, I appreciate the friendly attitude the minister has taken toward me personally, but I rise not only on a point of order but on a question of privilege that affects this house.

The minister in giving his reply said he would be pleased to give an extended reply as a favour to the hon. member for Essex East who, along with two other hon. members, he said, had shown some interest in this matter. A minister's answer is not given to an hon. member as a matter of favour but as a matter of right. This is the House of Commons, and when questions are put to ministers of the crown, to those who sit on the treasury benches, answers made by them are not made out of their goodness and kindness of heart and friendship toward one member; they must be made under our constitutional practice as a matter of duty involving the recognition of the rights of parliament itself. While I appreciate the friendly attitude of the minister, I should remind him that he is a member of a government whose party and whose leader has insisted that the rights of parliament must at all times be observed.

Some hon. Members: Order.

Mr. Martin (Essex East): It is not observing the rights of parliament to say that ministers shall answer questions only as a favour to other members in the House of Commons. I

know the Minister of Transport will realize his constitutional breach in this particular instance.

Mr. Hees: Mr. Speaker, at no time did I say I was giving this answer as a personal favour to the hon. member. I simply said he has shown great interest in it, and because of the great interest he had shown I was going to take great pains to give a full and complete answer. This, I take it, is hard to understand by the hon. member who was formerly a minister, because when he was asked questions when he was on this side of the house he never gave complete or informative answers.

Mr. Frank Howard (Skeena): Mr. Speaker, I do not want to engage in any of the extraneous things I just listened to but I hope the minister and the maritime commission will apply themselves with great zeal to assure that a service will be given to the Portland canal area.

Some hon. Members: Order.

AGRICULTURE

HOGS AND EGGS—INQUIRY AS TO ANNOUNCEMENT OF CHANGE IN SUPPORT METHOD

On the orders of the day:

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. On April 10 the minister announced that the floor price for hogs would be reduced to $23.65 from $25 per hundredweight and that "the change in the method of supporting that floor price will come into effect just as soon as we can get the machinery ready, which might be six weeks or two months. Will the minister make an announcement of this change before the end of this session?

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I do not know when I will be in a position to make that announcement. I shall certainly make it, as I indicated at that time, as soon as possible.

Mr. Boulanger: Mr. Speaker, I should like to put another question to the Minister of Agriculture. On May 7 the minister announced in this house that the egg support program would be changed from an offer to purchase basis to that of a method based on deficiency payments. Will the minister be in position to announce his new policy before the end of this session?

Mr. Harkness: I have just answered that kind of question, Mr. Speaker.

Inquiries of the Ministry

CITIZENSHIP AND IMMIGRATION

CONVENTION ON NATIONALITY OF MARRIED WOMEN—FRENCH TRANSLATION

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, yesterday the hon. member for Hull asked me if I would have the convention on the nationality of married women translated into French. I promised him I would do so, but I find that it is not necessary because, first of all, when the convention was originally tabled it was tabled in both languages, and a more recent edition also appears in the French version of the Senate *Hansard* of March 19 this year, which I am sure he will have in his office. If not, it is very easily procured.

Mr. Alexis Caron (Hull): Mr. Speaker, what appears in the Senate *Hansard* does not affect us. I do not receive the Senate *Hansard*, and I should like to have it in the House of Commons *Hansard*.

Mrs. Fairclough: I am sure the distribution office will secure a copy for the hon. member.

FINANCE

TARIFF BOARD—INQUIRY AS TO APPOINTMENT OF CHAIRMAN

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Finance, and ask him if he has any intention of appointing a chairman of the tariff board?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker.

REPORT OF SENATE COMMITTEE ON INFLATION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether, in view of the great interest in this matter and the responsibility of the government and parliament with regard to it, the government will take steps to make available to the House of Commons the report in the other place on inflation?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will give consideration to the suggestion, but I really do not know that there is any responsibility on this house to distribute the reports of the other place.

Hon. Paul Martin (Essex East): May I ask a supplementary question of the Minister of Finance. In view of his great responsibility in this matter, has he been following the

proceedings of that committee, and does he propose to live up to the promise that this government would give a lead in trying to curb government expenditures?

Mr. Speaker: I think it is contrary to the practice of this house to refer to the proceedings taking place in either its own committees or in committees of the other house. When the report itself has been made I believe it is then appropriate to refer in debate to the proceedings of the other house.

Mr. Martin (Essex East): On a point of order, Mr. Speaker may I say this. This is a matter of the greatest importance, and it is now referred to in the public press. Surely we are not going to be denied the right in this house to ask the Minister of Finance whether his attention has been called to an important study made elsewhere, involving evidence by leading economists, in a matter which this government and the minister has dodged throughout the session.

Some hon. Members: Oh, oh.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the hon. member has chosen to smuggle one of his demagogic, tub-thumping speeches into a point of order. It also lacked nothing in pomposity. The hon. member would apparently ask me to override the rules of the house by making comment upon the proceedings of the other house. He has been here a long time. He has been here longer than practically all other members in this house, but apparently he has not yet become aware of the rule of this house that it is quite out of order to make reference to proceedings in the other place. Indeed, if I were to make any comment on the report of a committee of the other house under these circumstances I would be entirely out of order, and I am sure that you, Mr. Speaker, would be the first to call me to order.

Mr. Pickersgill: Nonsense.

Mr. Fleming (Eglinton): I therefore do not intend to accept the hon. member's invitation to transgress the rules of the house.

As to the responsibility of the government in this matter, let me say that the government will continue to discharge its responsibility to the Canadian people, and that it will not need any jogging from my hon. friend opposite or any of his tub-thumping speeches which are quite out of order.

Mr. Pearson: On a point of order, Mr. Speaker, may I ask whether it is out of order to make reference in this house to a report of the other place which has been completed and made public?

[Mr. Martin (Essex East).]

Mr. Speaker: I shall have to take that matter under consideration. I know it is in order, in the course of debate, to read extracts from the proceedings in the other place. However, I am not in a position to give an answer to that question.

Mr. Martin (Essex East): By way of further supplementary questions to my hon. friend, may I say that I am sorry if I have in any way offended him.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): The hon. member has only offended the rules of the house; that is all.

Mr. Martin (Essex East): May I ask the minister this question. If he is so preoccupied that he cannot give this matter his own personal attention, would he direct that this matter be referred to the study committee or the seminar which he has set up in connection with dominion-provincial fiscal relations?

Mr. Fleming (Eglinton): I have taken under consideration the idea of setting up a study group or seminar for the instruction of such members of the house as badly need it.

Mr. Pearson: The minister had better join us.

Mr. Fleming (Eglinton): I have due regard for the present need of my hon. friend. I think I am ready to give a decision on that point now and invite him to be the first of those who will be nominated for this tutorial assistance.

GRAIN

WHEAT—INQUIRY AS TO CONTINUATION OF ACREAGE PAYMENTS

On the orders of the day:

Mr. Arnold Peters (Timiskaming): I should like to direct a question to the Prime Minister. In view of the assertion by the government that the $1 an acre payment to western farmers had in effect established a true parity price for wheat, is the government now considering the continuation of this policy?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in so far as the preamble to the question is concerned, may I say that I know of no statement to that effect having been made. The statement that was made that the amount paid last year represented approximately the difference between the prices that were paid on the world market and those that would be paid in respect of that portion of the wheat which was utilized in Canada for domestic purposes.

As to the second part of the question, whenever any decision is made parliament will be made aware of it.

POST OFFICE DEPARTMENT

BATTLE OF PLAINS OF ABRAHAM—REPORTED COMMEMORATIVE STAMP ISSUE

On the orders of the day:

Mr. Azellus Denis (St. Denis): Mr. Speaker, I should like to direct a question to the Postmaster General. Yesterday's newspapers announced a new stamp issue having to do with the battle of the plains of Abraham. Will the minister comment?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, in the interests of saving the time of the house may I suggest that the hon. member might agree to wait until my estimates are up, perhaps later today or tomorrow, when we can explore this subject.

Mr. Denis: I am afraid the minister will have some other questions to answer on his estimates, and as we want to finish on Saturday or as soon as possible I should like to ask a supplementary question. What is the idea of reminding the people of Canada of old family quarrels by a stamp issue?

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, it was not in my mind that by this stamp issue we were reminding anyone of any old quarrels, but rather that we were marking one of the great accomplishments in all history which has resulted from English and French co-operation in this country of ours.

Mr. Denis: Will the minister take into consideration before issuing the stamp other phases of progress in Canada; for instance, the Hull bridge, the Prince Albert bridge and so forth?

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, it has been my experience over the last six months to sit here daily and examine one of the faces of Canada immediately opposite, that of the hon. member for St. Denis, and I find myself remarkably attracted by comparison to this new stamp.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I direct a supplementary question to the Postmaster General. Has the Postmaster General considered having a stamp issued to commemorate the extinction of term 29?

Some hon. Members: Oh, oh.

Mr. Speaker: Order. This does not seem to me to be the appropriate time in the proceedings of the house to try to design the postage stamps of Canada.

Mr. Hamilton (Notre Dame de Grace): In fairness, Mr. Speaker, since the question has been asked, may I say that we do not commemorate non-existing events.

FISHERIES

NEW BRUNSWICK—LIFT PERIOD OF MIRAMICHI SALMON SEASON

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to direct a question to the Minister of Fisheries. I regret that I was not able to send him advance notice, but I just received a telegram from the Miramichi salmon drift net fishermen's association advising me that this association has made a further request to the minister for the elimination of the salmon drift net lift period for this season. Can the minister advise me whether he has reached a decision in this connection? If not, when does he expect a decision will be reached?

Hon. J. A. MacLean (Minister of Fisheries): I may say that I also received a similar telegram. No decision has been reached as yet on the request that the lift period be eliminated entirely this year. As a matter of fact I doubt that that request can be met, because the Department of Fisheries has an extremely important responsibility to make sure that the needs of conservation are met and that enough fish—salmon, in this case—are allowed to escape in order to reproduce the species for future years. I doubt very much that it would be really of any assistance or that we would be doing anything in the general interests of the salmon fishermen if the lift period were eliminated entirely. As the hon. member knows, we have already postponed it. In any case, I will be able to give him a more definite answer at a later date.

THE CANADIAN ECONOMY

ROYAL COMMISSION ON ENERGY—INQUIRY AS TO RESUMPTION OF SITTINGS IN ATLANTIC PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Prime Minister whether it is still the intention of the Borden commission to hold hearings in the maritime provinces on coal?

Right Hon. J. G. Diefenbaker (Prime Minister): I have no further information than that which was given on an earlier date in answer to a similar question.

COAL

INQUIRY AS TO REPORTED APPOINTMENT OF ROYAL COMMISSION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Prime Minister a related question. On June 8 the Minister of

National Revenue indicated that the government was proposing to set up a royal commission of some kind to inquire into the coal situation in the maritime provinces. Has any progress been made in that matter?

Right Hon. J. G. Diefenbaker (Prime Minister): As soon as the government is in a position to report on that situation, an answer will be given.

FINANCE

MEASURE TO PROVIDE ADDITIONAL GRANTS TO NEWFOUNDLAND

The house resumed, from Tuesday, July 14, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of Bill No. C-72, to provide for the payment of additional grants to the province of Newfoundland.

Mr. H. M. Batten (Humber-St. George's): Last evening Mr. Speaker, when the house rose at ten o'clock I had said that Bill No. C-72 was a complete and definite denial of the constitutional rights of Newfoundland. I had made some remarks in reference to the table placed on *Hansard* by the Minister of Finance and to be found at page 5901, and had suggested to him that similar information for other Atlantic provinces be provided during the committee stage; and that a table showing the amount of money collected from the province of Newfoundland be provided at that time also.

May I go along, Mr. Speaker, and say that while any statement with regard to the amount of money paid to the province of Newfoundland by the federal government and any statement with regard to the amount of money collected by the federal government from Newfoundland are extremely important, nevertheless there are other considerations. I am sure this house will not fail to appreciate the important advantages that were brought to Canada in 1949, the date of union. There was a territory of over 150,000 square miles added to Canada, with a population of over 400,000, to which must be added to the industrial potential of the province itself. Forest products is one of the major industries in Canada if not the major industry. Production in that industry was increased by 10 per cent with the union of Newfoundland with Canada. Added to these we have the production of our fisheries and our mines, and also the potential water power which exists at bay d'Espoir and at Grand Falls, Labrador. Certainly, too, we must not forget the improved defensive position which was created by the addition of Newfoundland to Canada.

Before confederation Newfoundland bought from the Canadian mainland approximately $50 million worth of imports. Today imports to Newfoundland from the mainland of Canada are five times that amount. Here we have a province which, if it were not a province of Canada and still imported the same amount that it does now, would as far as imports are concerned be Canada's third best customer. Here we have a market where nearly everything that is produced has to be sold outside the confines of Canada, and nearly everything that is used is imported from the mainland of Canada.

I do not think there is any better statement I could make to describe this situation than that made by the Newfoundland board of trade to the Prime Minister under date of April 13, 1959. On page 2 of that letter, in the first paragraph, this statement is made:

> Because the economy of Newfoundland depends so largely upon the primary industries of fishing, mining and forestry, and we are without secondary manufacturing industries, our income "leaks out" of the island directly and at once to the central manufacturing areas of Ontario and Quebec, from which we draw our supplies. In view of this, an expenditure in Newfoundland is almost as successful in stimulating the economy of Ontario and Quebec as is a direct expenditure in either of these provinces. Because of heavy purchases by Newfoundland from the rest of Canada, and since other parts of Canada purchase little from Newfoundland, there is a serious "balance of payments" problem between Newfoundland and the rest of Canada. The federal government alone can offset this income "leakage" by transfer payments of various kinds.

I would like to go further, Mr. Speaker, and say that I disagree completely with the way the government has handled this bill. First of all we had the report of the McNair commission upon which the Prime Minister made some statements, if my memory serves me correctly, last August, almost a year ago. This bill is brought in now, almost a year later, in the dying days of the session. It is my opinion that this bill deserves a more important place in the legislative program of this particular session.

The statement of the Prime Minister on March 25 certainly allayed no fears in the minds of the people of Newfoundland. Then the Minister of Justice went down to Newfoundland and made his speech on Thursday, May 14. There is no need to add any further comments about that, but I would refer to an editorial in the St. John's *Daily News* of Friday, May 15 with reference to the statements made by the Minister of Justice. The editorial begins:

> Mr. Fulton, the federal Minister of Justice, said in his address to the Newfoundland board of trade that it was time to put the record straight in respect of Newfoundland's relations with the government of Canada. Mr. Fulton spoke for an hour. The record was still unstraightened after he had finished.

He seemed to have two main objectives. One was to assure us of his government's good will and good intentions. The other was to convince us that the Prime Minister's decision on term 29 was good for Newfoundland. He has failed.

Then, Mr. Speaker, the editorial goes on:

He has copied Mr. Diefenbaker's attempt to convince us of Canada's generosity by setting out the allocations we have received from Ottawa as if they were special to this province—

He was plausible. He was pleasant. He was possibly good-intentioned. But he was completely unconvincing, completely unfamiliar with our case under the terms of union, and completely a failure as a peacemaker. We had hoped for better results from his visit.

I say again, Mr. Speaker, that I regret that this matter has been handled in the way it has. I thought yesterday when the Prime Minister was speaking that this particular topic deserved a little more serious consideration than was given to it. When the Prime Minister defends an issue as he did yesterday he does so for one of two reasons. Either there is political kudos to be obtained, or there is something to be defended. I was interested, too, in the statement made by the hon. member for St. John's West (Mr. Browne); and while he certainly obtained the applause of this house last evening I suggest to you that he would not obtain the applause of Newfoundlanders.

I have already made reference to the Atlantic grants, and I am not going to go further into them now. Neither am I going to outline, because it has been outlined by other hon. members, the real need for term 29. Let me finish by saying this. Newfoundlanders will ask the question, by virtue of what logic can a nebulous pledge be accepted by them when a firm contractual obligation under the British North America Act has not been honoured by this government?

Mr. J. A. McGrath (St. John's East): Mr. Speaker, I do not intend to delay passage of this bill at this time, because I agree with the legislation under the circumstances. At the same time there is not too much that can be said about the bill or about the subject which has not been said already, either by the Prime Minister, the Minister of Finance or what was said so very meaningfully by the minister from Newfoundland last night. However, I do feel, Mr. Speaker, that it is very unfortunate that words of an unparliamentary nature have been brought into this debate.

This debate, as suggested by the Minister of Finance and by hon. members opposite, concerns what will probably be one of the important pieces of legislation as far as our constitution is concerned. We have heard words, as I said, sir, that are to my mind, as Your Honour ruled last night, unparliamentary; words which are not, I suggest, befitting hon. members opposite. They are words which as far as I am concerned are only in keeping with the irresponsible and impetuous premier of Newfoundland, and should not be used by learned colleagues opposite.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege. The hon. member said something about words used by members from Newfoundland. I cannot recall any words used by members from Newfoundland being ruled out of order by the Chair.

Mr. McGrath: If the hon. member will restrain himself, I will come to the words in a moment. I was not referring to hon. members from Newfoundland. As the hon. member well knows, I was referring to hon. gentlemen in the corner.

An hon. Member: You said "opposite".

Mr. McGrath: However, I do say that hon. gentlemen opposite did use the word "betrayal".

Mr. Pearson: Is that unparliamentary?

Mr. McGrath: In my opinion that is not in keeping with the importance which hon. members have attached to this subject or to this debate. The hon. member for Bonavista-Twillingate, when confederation was being negotiated, was at that time, as I think he himself will admit, the grey eminence of Canadian politics. In Newfoundland he has been referred to on many occasions as the chief architect of the terms of union, this same hon. gentleman who mentioned betrayal. Let him look back in his conscience when he begins throwing around words such as "betrayal" and "constitutional rights". Let him think back on the way in which the constitutional rights of Newfoundland were ridden over roughshod in 1947 and 1948 when they were so anxious to consummate the act of union for their own political ends.

The words of the hon. member for Skeena (Mr. Howard) are not worthy of comment. You ruled on them last night, Mr. Speaker. But I do feel I should refer to them because they are a reflection on hon. members of this house and more particularly on the Minister without Portfolio (Mr. Browne) and upon myself.

The hon. member for Bonavista-Twillingate and his colleagues opposite have tried to convey the impression during this debate that nobody in Newfoundland shares the views expressed by the minister from Newfoundland and myself in this house. He said, as reported at page 5999 of *Hansard* of July 14:

That is why every Newfoundlander, except one or two, recents bitterly the action taken by this government.

The hon. member also referred to the Leader of the Opposition in the Newfoundland legislature and, by implication, to those other people engaged in the public life of Newfoundland who share the same political philosophy as myself. I would just like to say, for the purpose of setting the record straight, that those responsible people in Newfoundland charged with providing an opposition to the government of Newfoundland do not take their responsibilities lightly. A statement issued yesterday by one of the members of the opposition—a statement which reflects the feeling of that opposition—reads as follows:

> The Prime Minister of Canada has cut clean through the vagueness and uncertainty of term 29 and has spelled out in black and white that Newfoundland will have its special financial needs attended to over and beyond the 31 day of March 1962.

Later the statement goes on:

> In my opinion Prime Minister Diefenbaker has, as was to be expected, offered the hand of friendship to Newfoundland and I, for one, intend to grasp it—

Mr. Speaker: Order. It seems to me that the hon. member is reading a comment on what was said in this house, and that is contrary to the practice of the house.

Mr. McGrath: Mr. Speaker, I was referring to a comment made in Newfoundland by a Newfoundlander in the public life of the province, which was apropos of the suggestion made by the hon. member for Bonavista-Twillingate and his colleagues opposite. However, I will not refer to it if you do not wish me to do so.

Mr. Pickersgill: On the point of order you raised, Mr. Speaker, I think the hon. gentleman was really in order. This did not seem to be a comment on this debate, and I should not like to see the hon. member's right to quote abridged.

Mr. Speaker: I raised the question of whether it was in order, because it was not clear. The statement was made yesterday, and I took it that it was a comment on the debate in this house, in which event it would be out of order. If it relates to statements of the Prime Minister made elsewhere, that is another matter. But I ask the hon. member to bear in mind that it is not correct to read anything which comments on the debate in the house or which reflects in any way on what is said here.

Mr. McGrath: To clarify the record, I was reading a press release of yesterday, and I am perfectly happy to make those words my own if that will put them in order.

There was also a quotation carried in yesterday's press in Newfoundland to the effect that the Leader of the Opposition—I do not have the exact quotation, so I will paraphrase the words used—had said there was no question in anybody's mind but that Newfoundland needed help and would be assisted to reach the level of other provinces. I think if we look back in the record we will find that this is what the hon. gentleman said.

Now, Mr. Speaker, the most striking aspect of the line taken by hon. gentlemen opposite in connection with this discussion is their inability to agree on exactly what term 29 really is, and just precisely what it does imply. This is very clearly borne out by the record of July 13. When the Leader of the Opposition was speaking the Prime Minister interrupted him, as recorded at page 5909 of *Hansard*, and asked the following question:

> Does the hon. gentleman interpret the royal commission recommendation as requiring the payment in perpetuity of the amount in question, $8 million?

To which the Leader of the Opposition replied:

> There is no other interpretation which can be given to a recommendation of the kind I have just read, which includes the words "thereafter, $8 million per annum".

Further on, in the record of the same day, when the hon. member for Bonavista-Twillingate was speaking I interrupted him as recorded on page 5925 of *Hansard*, and asked a similar question:

> Does the hon. gentleman advocate payment of a definite, statutory grant in perpetuity?

To which the hon. member for Bonavista-Twillingate replied "No".

Clearly, then, it would seem advisable for the hon. member for Bonavista-Twillingate and the Leader of the Opposition to get together on this question, to have a meeting of minds. Let them establish clearly just what line they want to take. I suggest that they would be unable to make up their minds, because they feel that here they have a hot political potato of which they do not intend to be deprived regardless of how acceptable the legislation may be to Newfoundland.

In other words, the importance of the question now under debate has been capably stated by hon. gentlemen opposite with their pious platitudes about the preservation of constitutional rights and the violation of the constitution, which statements are a disgrace to the honour and integrity of this nation and reveal that they are trying to make whatever political kudos they can from this controversial subject irrespective, as I said, of how acceptable the legislation might be.

I suggest that this is good legislation. It is the best legislation that could possibly come out of such a nebulous and meaningless clause as term 29 in the drafting of which no doubt my friend the hon. member for Bonavista-Twillingate had some hand. It is the best possible legislation that could be introduced. When the people of Newfoundland have had a chance to study the legislation and reflect upon it, hon. gentlemen opposite will discover that they have gone just a little too far out on a limb.

Reference was made yesterday by the Minister without Portfolio from Newfoundland to arguments advanced with respect to clauses in the preamble and other clauses which perhaps should be in the body of the bill. I believe that point was very well covered and I do not intend to go into it at this time. However, I do suggest that the special needs and considerations of Newfoundland are now more clearly defined and more explicitly spelled out than they ever were. What is more, they are spelled out in legislation in parliamentary form, as the Minister of Finance said.

I feel that this is good legislation, and as a responsible Newfoundlander who is aware of his responsibilities to Newfoundland, if not more so than the hon. member for Bonavista-Twillingate, I have no hesitation in supporting this legislation.

Mr. Pickersgill: Mr. Speaker, I did not want to interrupt the hon. gentleman but I should like to make a correction of fact. The hon. gentleman suggested that I had something to do with drafting term 29. I had nothing whatever, at any time, to do with drafting it. The hon. gentleman also suggested that I was one of the principal architects of the terms of union. I should be very proud if that were true, but in all modesty I have to say that is not correct.

Mr. Diefenbaker: What modesty and humility we see.

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, as the hon. member who just resumed his seat stated, much has been said for and against this bill. While it is not my intention to make a lengthy speech or to rehash any of the remarks that have been made I feel I must add my personal observations to the debate.

We now have the bill and, having read it, it confirms our worst fears. Newfoundland has been let down. We feel that the terms of union have not been carried out, because there is nothing in the bill to give any indication that payments will be made to Newfoundland after March 31, 1962, to enable the provincial government to continue public services at the levels and standards reached subsequent to the date of union without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island.

The reference in the preamble to a comprehensive study of dominion-provincial financial relations is no substitute for the constitutional rights of Newfoundland under term 29, even with the words "special circumstances" added. Therefore any hon. member who believes in upholding the constitution, in defending the rights of the provinces and in maintaining the good faith and good name of Canada has no choice but to vote against this bill.

We Newfoundlanders are unable to express the degree of our disappointment, sorrow and disapproval of the statement made by the Minister of Finance (Mr. Fleming). Much laughter was heard in this house yesterday afternoon and last evening, but for Newfoundland this bill is no joke. I wish to read the last paragraph of an article which appeared in the Ottawa *Journal* of July 14 entitled "Smallwood Charges Betrayal":

> Thus, parliament is clearly invited to place itself on record in giving to Newfoundland an assurance which, we are led to understand, means much to Newfoundland and to which that province will, it is expected, attach no little importance.

Truer words were never written. No Newfoundlander ever thought he would receive such treatment. What Newfoundland will receive in the future will be the result of an act of grace instead of the fulfilment of an agreement. In my opinion the present government is unwilling to honour an obligation written into the British North America Act. The bill before the house has not changed the position of this government.

Reference has been made to the Atlantic grants. The maritime provinces can use these grants to improve their standards, but in Newfoundland much of the money received has had to be used to continue public services because the government has delayed for over 12 months the payment of the McNair grants as recommended by that commission. Our standards are still far below those of the rest of Canada, and it looks as though this government wants to maintain this situation.

Mr. Fleming (Eglinton): Shame. Shame on you.

Mr. Tucker: We in Newfoundland do not feel that we are a "have not" province. In 1948, as the hon. member for Humber-St George's said, Newfoundland was the third largest external market for Canada. We are now doing five times as much trade with

Canada as we did prior to confederation. As has already been stated, a fair estimate would be $250 million.

A recent issue of the *Financial Post* contained an article which reads in part as follows:

> Newfoundland means much to Canada:
> A market for mainland goods estimated at $250 million a year.
> A strategic defence base in the north Atlantic.
> Population of 435,000 expanding rapidly; an area of 152,000 square miles.
> Billions of tons of undeveloped minerals, especially iron and copper.
> More than 7 million horsepower of undeveloped hydro power, which may some day support big new industry, even supply power to other areas of eastern Canada.

And I might add, Mr. Speaker, an island whose waters are teeming with fish of many species representing untold wealth.

We are led to believe in Newfoundland that our entry into confederation was a one-way street. This we strongly object to. Our natural resources are adding vastly to the total wealth of Canada, but for many years to come we cannot hope to have taxable income comparable with that of other provinces, even the maritimes. This is why we are so insistent on full respect for our constitutional rights, including term 29, which in 1949 was regarded as the sheet anchor of security for Newfoundland. Without this, Mr. Speaker, I say without fear of contradiction that the terms of union never would have been signed and we never woud have been a province of this great dominion.

We listened to the Prime Minister, who dealt with the past, but unfortunately in Newfoundland we have to live for the future. Most of his remarks, or the observations he made, referred to water which had long since passed under the bridge, and some of it dirty water. The Prime Minister spoke for approximately 60 minutes, but what bearing had his speech on the bill now before the house? He spoke about all that had been done for Newfoundland, but I fail to see where Newfoundland has received any better treatment than that received by the other provinces, or treatment to which she was not justly entitled. However, the Prime Minister said yesterday that the Progressive Conservative party will live up to the spirit of confederation. We were glad to hear that statement, and we shall look forward with great anticipation and anxety to the fulfilment of his statement. Whether his statement is correct time alone will tell.

Finally, Mr. Speaker, to the members who told me that Newfoundland had lost their sympathies, I can only say that we do not want the sympathy of any member of this house. We just want reasonable understanding and our rights under the terms of union.

Mr. D. J. Walker (Rosedale): Mr. Speaker, I want to congratulate the hon. member for Trinity-Conception on his statement of what Newfoundland wants and on his sympathy for Newfoundland. We, the 206 mainlanders on the government side of the house, want to assure the hon. member for Trinity-Conception and the other distinguished members from Newfoundland on the other side of the house that we share to a superlative degree his sympathy. We believe that Newfoundland is entitled to justice.

Apparently, owing to a misunderstanding on the other side of the house, fanned by a certain member on that side of the house, all the members from Newfoundland on that side have misconceived what is being done for them. In an effort to see that justice is understood may I outline what we on this side of the house believe is being done, and in doing so I shall not repeat what has already been said. There are certain facets that have not yet been viewed.

In the first place, I was amazed to hear that mainlander, the Leader of the Opposition, in his speech compare term 29 with the other terms of the British North America Act by which other provinces have been given grants. Newfoundland received its grants under the act of union under term 28, and my friend the hon. member for Bonavista-Twillingate has pointed that out. Term 29 is something entirely different. My old professor of history, the Leader of the Opposition, made this statement on the history of this matter at page 5906 of *Hansard*. He said:

> I suggest that the refusal by any federal government to carry out that obligation would be of the same nature as a refusal by the federal government to carry out similar obligations made in respect of other provinces for financial assistance when they came into confederation.

The Leader of the Opposition should know better than that. He was a good history professor, although I do not recall that he taught constitutional history.

Mr. Pearson: I did.

Mr. Fleming (Eglinton): English constitutional history.

Mr. Walker: I looked up the record last night to see whether what he said was correct, and I think I am safe in saying, Mr. Speaker, that with regard to the obligations to the provinces—and I know hon. members from Newfoundland will be interested in this—when the other provinces came into confederation, the terms under which they came in were not subject to review or inquiry or report by a royal commission, and the amounts they were to receive were definitely fixed. Furthermore, it is my opinion that term 29 is unique in Canadian history, very

unique. I believe it is safe to say that in no other part of the British North America Act is there anything that can be compared with term 29.

Mr. Pickersgill: May I ask the hon. gentleman a question?

Mr. Walker: Certainly.

Mr. Pickersgill: Does the hon. gentleman not realize that term 29 is part of the British North America Acts?

Mr. Walker: Indeed I do. It is the misconception of the Leader of the Opposition in comparing term 29 with the other provisions of the British North America Act for the other provinces that I am taking exception to.

In the second place, Mr. Speaker, not only have we the statement of Mr. St. Laurent that there is no undertaking to implement any recommendation of the royal commission, but we have what is far more important than that, although his statement was made 10 years ago. We have the statement made at the hearings of the commission itself by the chairman of that commission, Chief Justice McNair, who was a great admirer of Newfoundland. He was sitting as the chairman of the commission, and this is what he said at page 1504 of the evidence before that royal commission:

> It is a very difficult problem, and we will apply the best we have to it, and I will be concerned with the reaction to it—

He was referring to term 29 and their report in connection therewith. I continue:

> —and I will be concerned with the reaction to it when the recommendations are made, because anything we do here will have no binding effect.

To the members from Newfoundland surely that is clear. The grants they were to receive under confederation—that is, the fixed amounts which they received when they came into confederation—are set out in term 28. Term 29 is something unique, and it must be clear now because even the hon. member for Bonavista-Twillingate has admitted this. It only requires the government of the day to set up a royal commission to investigate the financial position of the province of Newfoundland. That has been done, and in doing that the obligation of the government as such under term 29 has been fulfilled.

The Leader of the Opposition, in an extraordinary statement, suggests that if there is not a legal obligation there is a moral obligation to fulfil to the letter all the recommendations of the report. This is something new. I have never heard this before, either in the law lectures from the professor or in this parliament. For instance, the Borden commission brought in its report. Does the Leader of the Opposition or any member from Newfoundland say there is either a legal or a moral obligation to carry out the recommendations of that report? Take part of them, yes; reject part of them, yes. But when has there ever been a royal commission established by the government of Canada all of whose recommendations have been accepted? Take the Gordon report. What happened to the Gordon report? Has there been any obligation, either legal or moral, to implement its recommendations? Take the Rowell-Sirois report, and so we could go right back to confederation.

I may be wrong in this, but I suggest to the other professor over there, the hon. member for Bonavista-Twillingate, that never has a government of the Dominion of Canada felt called upon, either legally or morally, to accept all the recommendations of a royal commission report.

Mr. Pickersgill: Since the hon. member has mentioned my name, will he permit a question?

Mr. Walker: Yes, indeed.

Mr. Pickersgill: My question is this. Has the hon. member forgotten that the former leader of his party, when he was leader of the opposition, took the view that the government should be bound by the recommendations of this royal commission?

Mr. Pearson: So did the member for St. John's West (Mr. Browne).

Mr. Walker: I am interested in the views of the former leader of this party, but I am fascinated by the views of our Prime Minister, who has solved a most difficult problem, who has untied the Gordian knot and arrived at a solution of what was an impossible situation with respect to the recommendations of the report as to term 29. I say to the Leader of the Opposition that to do otherwise, to make it obligatory on the government to accept the findings of a royal commission—and he knows this quite well as my former professor—would be to transfer legislative power to a commission. That would be government by commission instead of by the elected representatives of the people.

The hon. member for Bonavista-Twillingate knows this very well, particularly since he is now a student at law. I understand he is articled to a barrister in Newfoundland. He is going to become a barrister without any schooling. He is going to become a barrister by remote control. While he sits in parliament his articles will run.

Mr. Pickersgill: I hope the hon. gentleman's prediction is right.

Mr. Walker: I hope so, too. We would love to have him as a member of our bar. I would be glad to article him in my office in Toronto.

Mr. Pickersgill: I cannot reciprocate.

Mr. Walker: The hon. member made a very profound observation, such as he alone in the house is capable of making so often. As found at page 5923 of *Hansard* for July 13 he asked himself the profound question, "what is meant by 'thereafter' ". This has been tormenting me ever since I read the report of the royal commission, but with his experience in the law, with the training he is getting by remote control, this was his reply:

> I am not going to argue that question because it seems to me to be very obvious that what is meant by "thereafter" is thereafter.

Mr. Pickersgill: Thereafter; and so would say any other honest person.

Mr. Walker: He was asked by the Prime Minister whether "thereafter" meant in perpetuity, and he said no.

Mr. Pickersgill: It means indefinitely.

Mr. Walker: He said definitely not.

Mr. Pickersgill: Would the hon. member quote what I did say, instead of paraphrasing it?

Mr. Walker: What you said is in *Hansard*.

Mr. Pickersgill: That is a typical lawyer's trick.

Mr. Walker: If the hon. member, instead of advertising himself, will keep his seat I will let him ask a question when he has a relevant one. In this debate my hon. friend has filled up the members from Newfoundland with all this Pickersgillian gobbledygook, and he would be better employed pursuing his course in the practice of law than dragging red herrings across our Canadian unity.

The government's solution is the only possible one. We have term 29 to deal with, and nobody knows exactly what was meant by "thereafter". But certainly there is no evidence, and my hon. friend at the bar will agree with me that when a royal commission brings in its report it is supposed to be based on evidence. My respectful submission, after perusing the 12 volumes of the lengthy proceedings of the royal commission, is that there is no evidence that would justify projecting the report into the future. Therefore, if for no other reason that that, it is the duty of the government of the day to reject a recommendation which is not based on conclusive facts.

You can imagine the problem that the Prime Minister and the government of the day had in coming to a solution of this matter. They came to the only possible solution. What I am about to say I do not say in any sense of nagging or carping criticism but in the greatest effort to gain the good will of my distinguished friends from Newfoundland, whom I like very much, and that includes the hon. member for Bonavista-Twillingate. I say that since no one knows what "thereafter" means, since no one can support "thereafter" with evidence taken before the royal commission, since both the counsel for Newfoundland and the government of Newfoundland—is my friend coming over to this side of the house?

Mr. Bell (Saint John-Albert): We do not want him.

Mr. Walker: —and since the commissioners themselves admitted—I do not like diversionary tactics.

Mr. Pickersgill: What are you in that party for, then?

Mr. Walker: —since the commissioners themselves admitted the difficulty of penetrating the mists of the future, and since they themselves concede that their recommendations are only recommendations and need not of necessity be implemented, then I say the government solved the problem in the only way it could, by giving to the people of Newfoundland everything the commission recommended for the years up to 1962, $8 million a year less certain small grants.

As to what will happen in 1962, I suggest that the government has put forward a wonderful solution. I ask hon. members from Newfoundland to forget the influence and the pressure that has been brought on them by the hon. member for Bonavista-Twillingate. I ask them, do they not agree that it is a magnificent solution to this vexed problem to consider in 1962 the problem of our brothers in Newfoundland and of the government of Newfoundland in relation to the government of Canada, not within the narrow scope or narrow field of term 29 only—my hon. friends will admit that is a limited field—but to consider the whole broad field of all the requirements of Newfoundland, including the field set out and promulgated in term 29?

That is far more than they could expect if all the recommendations of the report had been accepted by the government, because even then the premier of Newfoundland would not have been satisfied. He has put it on record that the report is a shameful disgrace and does not give Newfoundland enough.

These are all factors which must be taken into consideration. The people of Newfoundland have good cause to put their faith in

the government of Canada. According to the premier of Newfoundland they had no faith in the Liberal government at the time it was doing things for them, though that changed by the time the election came around. The people of Newfoundland have good cause to put their faith in the government of Canada to give them a square deal, because in 1962 the Prime Minister of Canada will do exactly what he has promised to do.

An hon. Member: He will be a Liberal.

Mr. Walker: "Woe worth the chase, woe worth the day" that would cause that situation. It is true that my friend the hon. member for Bonavista-Twillingate has said extremely complimentary things about the premier of Newfoundland, and I do not intend in any way to engage in any controversy or to criticize in any way any of his utterances about that distinguished statesman. But let me say this. As the Prime Minister said, it is a Damon and Pythias relationship. That is something where emotion enters in rather than just plain, hard thinking. After all, the hon. member for Bonavista-Twillingate is under a tremendous obligation to the premier of Newfoundland.

Mr. Pickersgill: Mr. Speaker, is it not against the rules of this house to impute motives or to ascribe motives?

Mr. Walker: By his remarks my hon. friend almost ascribes his own motives. Let me quote from a Canadian Press dispatch in the Ottawa *Journal* of July 3, 1953. This indicates the gratitude which my hon. friend opposite owes to the premier of Newfoundland:

> Prime Minister St. Laurent last night gave the answer to a question that political Canada has been speculating about for weeks.
>
> The question: How did John W. (Jack) Pickersgill, erudite, politically sharp, and clerk of the privy council in the civil service, come to be chosen as secretary of state and representative in the federal cabinet of Newfoundland?
>
> The answer: He was picked by Premier Joseph Smallwood of Newfoundland.
>
> The Prime Minister said at a meeting here Mr. Smallwood made the recommendation because of 47 year old Mr. Pickersgill's close interest in Newfoundland's affairs, particularly—

And I know he is famous for this.

> —for his behind the scenes role in drafting the Canada-Newfoundland confederation pact of 1949.

Some hon. Members: Oh, oh.

Mr. Walker: My friend has denied doing something this morning, but does he deny having a part in drafting that ubiquitous term 29?

Mr. Martin (Essex East): Mr. Speaker, I rise on a point of order. We are discussing a particular bill—

Mr. Walker: Mr. Speaker—

Mr. Martin (Essex East): Will the hon. member take his seat? We are discussing a particular bill, Mr. Speaker, and the honourable, distinguished and experienced parliamentarian from Toronto has now introduced circumstances that have to do with the appointment of a member of this house to the cabinet. I would submit to Your Honour that it is not in order for the hon. gentleman to discuss the circumstances involving the appointment of the hon. member for Bonavista-Twillingate to the cabinet. If the hon. gentleman has no sounder argument than that, I suggest that he might well take his seat.

Mr. Speaker: Perhaps the hon. member for Rosedale would indicate the relevance of what he is saying.

Mr. Walker: Mr. Speaker, because of the slavish adherence of my friend the hon. member for Bonavista-Twillingate to this defunct proposition and the stand he has taken about term 29, I simply want to indicate to the house the reasoning or the motive behind my hon. friend's actions.

Mr. Pickersgill: Motive?

Mr. Walker: I want, first, to indicate that he had a part in writing it, although Premier Smallwood has taken credit for it.

Mr. Pearson: Mr. Speaker, on a point of order—

Mr. Speaker: Order. I am hearing the hon. member for Rosedale on the point of order raised by the hon. member for Bonavista-Twillingate.

Mr. Walker: Second, I think the members of this house should know and be fully cognizant of what makes the hon. member tick.

Mr. Pearson: Mr. Speaker, I rise on a point of order. The hon. member has said that he is trying to get at the motive of the hon. member and that, of course, is out of order. The hon. member is also dealing with the hon. member's relationship with the drafting of term 29. He has already denied in this house this morning that he had anything to do with it. For the hon. member for Rosedale to keep referring to that subject is just another indication of the bankruptcy of his argument.

Mr. Fleming (Eglinton): That statement is out of order.

Mr. Speaker: I think I should indicate that it is not always irregular to refer to motives. It is contrary to the rules of this house to impute improper motives to an hon. member. But anything which is an explanation of actions which are properly criticized would, I

think, be relevant. However, I think the hon. member for Rosedale was going rather far afield in the line he was following.

Mr. Pickersgill: He has exhausted the subject.

Mr. Walker: I thought you were thoroughly convinced by the argument. I am just now giving some reason for my hon. friend having made the sorry exhibition that he indulged in yesterday. The *Globe and Mail* of July 4, 1953 stated this:

> Picture the benighted islanders waiting for their young Lochinvar. He appears, on a ship instead of a horse, and promises them justice. But the two odd features of the story are that Newfoundland never heard of Mr. Pickersgill until last month and that he speaks for the party that is in power.

Mr. Pearson: Cheap.

Mr. Walker: The quotation continues:

> What sort of deal has Newfoundland been getting up till now?

That is the *Globe and Mail.* You do not often say that is cheap. I continue with the quotation:

> The compliments flew thick and fast at that three-cornered meeting. Mr. St. Laurent praised Messrs. Pickersgill and Smallwood. Mr. Smallwood praised Messrs. St. Laurent and Pickersgill. And Jack himself praised Messrs. St. Laurent, Smallwood and Pickersgill.

Some hon. Members: Oh, oh.

Mr. Walker: If there has been any misunderstanding up to the present time among my hon. friends on the other side of the house who are following so slavishly the lead of the former mainlander, you can understand that he is obliged to say these things. He must do his best. Finally may I quote from the Toronto *Telegram*—an authoritative paper, of course—of August 11, 1953. In this we see the denouement of the whole business. This was after the election of August 10, when I was beaten and when the hon. member for Bonavista-Twillingate was elected. This is a British United Press dispatch:

> Premier Joey Smallwood, elated at a Liberal sweep of Newfoundland's seven seats, predicted today that secretary of state Jack Pickersgill one day would be prime minister of Canada.

Some hon. Members: Oh, oh.

Mr. Pearson: What call are you preaching for now?

Mr. Walker: It may be that the premier of that province, might not be infallible in his predicting, because he also said this:

> Smallwood said the future of the Conservative party was now very doubtful.
> "I wouldn't be surprised if a new party took its place," he said.

This was in 1953.

[Mr. Speaker.]

Mr. Pickersgill: I wonder whether the hon gentleman would permit a question?

Mr. Walker: Certainly.

Mr. Pickersgill: Is the hon. gentleman himself preaching for a call at the moment?

Mr. Fleming (Eglinton): Another diversion.

Mr. Walker: My answer to that question is this. I think all 208 members of this house or all 207, I should say, have in the past two years been preaching for a call so they can best serve in their own way this Dominion of Canada through the instrumentality of the present government. May I say this to the hon. gentleman opposite. Just keep on. Your smart wisecracks are appreciated by none more than myself.

Mr. Speaker: I would ask the hon. member to address himself to the Chair.

Mr. Walker: Yes, indeed. Pardon me, Mr. Speaker; I owe great deference to the Chair.

Here are the reasons why the Newfoundlanders and their very sound members over there—yes, the members opposite, because I do not need to preach to the two on this side of the house—should have faith in the Conservative government. This is going to be very brief. My hon. friend will be glad to know this. The federal contributions as set out at page 5901 of *Hansard* indicate that Newfoundland during the fiscal year 1956-57, under the Liberal administration, received grants and payments from the federal government in the amount of $55,341,000. That is amazing, is it not? Then in 1958-59, under the leadership of the present Prime Minister, Newfoundland received not $55 million—this after a period of two years—but $100,284,000, almost twice as much.

Mr. Pickersgill: Might I ask the hon. gentleman what the total budget of Newfoundland is? The total budget is $71 million, so it is pretty hard to believe we received $100 million. The hon. member is making the same mistake made by the Minister of Justice.

An hon. Member: You have made your speech.

Mr. Walker: He has made several speeches, and this is another of his interruptions. But let us not get off the track. I thought the population of Newfoundland—

Mr. Pickersgill: They are the same phony figures the minister used in St. John's.

Mr. Walker: —was 400,000. My hon. friend from St. John's East (Mr. McGrath) tells me that because the birth rate is so high we had better put the figure at 450,000. We have a $100 million grant made to 450,000 people. We

do not regret this, we are delighted. We take pride in it, and boast about it. A grant of $100 million is made to the province of Newfoundland, the population of which is approximately the same as that of metropolitan Hamilton. What does that mean? It means $225 for every man, woman, child and newborn babe in Newfoundland. That is not any mean figure.

Let us pause to realize what that really means. Is it not amazing that the government of Canada, when making the Atlantic provinces adjustment grant of $25 million a year, gave $7.5 million to Newfoundland? On a per capita basis, on the same basis, for instance, as Nova Scotia, Newfoundland would receive $4.5 million. On the same basis as New Brunswick, Newfoundland would get a little more than $5 million. So generosity exudes from all the acts of the dominion government in relation to Newfoundland, and we are proud of that and should boast about it, and we hope to continue to do so.

Then faced with the interpretation of the McNair report, the government of Canada has given every cent that the McNair report recommends up to the year 1962. After that date I have already gone into detail as to what is to be done. That is why you should have faith. You must have faith, because it is by the works of the Conservative party that we shall know them.

May I say in conclusion that we on this side of the house know that the people of Newfoundland, the government of Newfoundland—whatever that government is, whether it is Liberal or Conservative—can safely look forward to the same generous treatment they have received up to the present time.

I want to say in closing that for some reason or other, ever since I can remember I have been fascinated by this island and by the people of Newfoundland. I do not know why. It must be because they are men of character, inured as they have been to hardship, to danger, to privation, and to solid hard work over the centuries. But whatever it is, they have produced a fine race of people; there is no question about that.

Further, and this is very important, there are no people who uphold the British crown with greater vehemence and loyalty than the people of Newfoundland. When the Prime Minister on July 1 referred to Newfoundland's day of glory in battle I could not help but think of the traditions of the British navy, which for the very best, the very ablest of its able-bodied seamen has drawn for generations, yes, many generations, on the hardy, loyal folk of Newfoundland.

When we consider our obligation to this great province we should do so recalling that when the Pilgrim fathers came over to America they stopped on their way and sent in for food and help to the people in Newfoundland, in St. John's. Mr. Speaker, we should, and this government does, consider this newest of our provinces as not a new province in the circle but as something special, something extra, because it can boast and proudly boast of being the oldest and most esteemed colony in the British empire.

Mr. Speaker: Is the house ready for the question?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker—

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Fleming (Eglinton): Mr. Speaker, after the extended debate which has already taken place on second reading, I do not think in closing this debate on second reading I need do more than touch up and bring into sharp focus some of the essential points which have arisen in the course of the discussion.

The debate at the resolution stage began with an attempt to set the tone of the debate in conciliatory terms. I can only express regret that partisan considerations have entered into many of the speeches which opposition members have made in the course of the debate. It is significant, and I also think it is regrettable, Mr. Speaker, that the speeches from the opposition in criticism of this measure have become much stronger since the premier of Newfoundland spoke his mind with reference to this bill yesterday morning. Apparently the lead has been accepted from the premier of Newfoundland in the rather bitter remarks which have been made by hon. members of the opposition on this measure.

Mr. Speaker, let me ask them to consider calmly what this bill contains. This bill contains two provisions that are of the essence of the proposed enactment. The first is the provision of sums of money under the operative provisions of the bill. The amount of $36.5 million will be provided by these clauses as a direct parliamentary enactment. Of that sum, on the enactment of this bill $17.2 million will be payable at once. Every cent of that sum was recommended by the royal commission, and in this proposal we are carrying out in full the recommendations of the royal commission for payments up to March 31, 1962.

We have been told, and told repeatedly, that Newfoundland asks for and needs this money; yet, to what I think must have been the amazement of the house and of the

people of Newfoundland, the opposition voted against the resolution paving the way for the introduction of this bill, and has announced its intention of voting against this bill.

Mr. Speaker, surely this is an amazing attitude for the opposition to take. It is an amazing attitude for hon. members in the opposition representing Newfoundland constituencies to take with reference to this proposed provision of money for the benefit of Newfoundland. I might comment that this attitude and the declared intention of the opposition to vote against this measure expose a crude partisanship in their approach to this problem, and I think the people of Newfoundland as well as the people of the other provinces of Canada will have their opportunity and will certainly impose their judgment upon the irresponsibility of the opposition in regard to this issue.

Mr. Pickersgill: Cheap trickery.

Mr. Fleming (Eglinton): Let the people of Newfoundland judge in the light of this opposition by the hon. member for Bonavista-Twillingate and others as to who are their friends in this house; those who are prepared to commit the parliament of Canada to the payment of $36,500,000 to Newfoundland in the space of the period up to March 31, 1962, as well as other benefits in this bill that I will mention later, or those who have in this house denounced this measure in the bitterest terms and done everything in their power to resist the effort that is being made to make this provision for Newfoundland.

Mr. Pickersgill: Would the minister permit a question? Has the minister ever heard of Esau?

Mr. Fleming (Eglinton): I have heard of the hon. member for Bonavista-Twillingate, and that is enough for anybody to listen to.

I said I was going to turn, now, to the other leading provision of this bill. We have heard talk in the course of this debate about a cut-off date in 1962, and this kind of talk has been accompanied, if you please, by wild statements, frenzied statements, irresponsible statements in this house about a breach of faith, a breach of trust, betrayal—

Mr. Pickersgill: Repudiation.

Mr. Fleming (Eglinton): The word "betrayal" was used, and I intend to deal with accusations of that kind and examine what substance there is in the wild and vitriolic language of the kind used by hon. members opposite apparently in an attempt to emulate an example which they are prepared to follow; that is, the voice which has been heard from St. John's, according to the press yesterday.

[Mr. Fleming (Eglinton).]

I say, Mr. Speaker, that those who find it necessary to indulge in vitriolic language of this kind and to impute betrayal or a breach of trust are attacking not just a few people sitting on the treasury benches here in this parliament, but whoever may be sitting in these places in 1962 and in years to come. Those who make charges of that kind against the Canadian parliament are making them against the people of Canada; and it will take more than the sophistry which permits these wild and vitriolic charges to be made to enable them to stand up in the face of examination.

Hon. members of this house who resort to vitriolic language of this kind have forfeited their right to be taken very seriously in this house. I do not ask them to have regard to Conservative statements. I simply ask them to have regard to what has been said by many Liberal newspapers in Canada. What has been said by the Ottawa *Citizen* on this very subject? When the hon. member for Bonavista-Twillingate was indulging in this kind of bitter language this rebuke was administered to him by a newspaper in this city of Ottawa, a newspaper which makes no pretence of being a friend of the present government. Referring to this question, that newspaper said in an editorial on March 28:

> No federal government of whatever party stripe is likely to seek by a deliberate act of bad faith to dismember that partnership.

And there are other Liberal newspapers in other parts of Canada which were striking the same note in editorials on this subject and rebuking hon. members like the hon. member for Bonavista-Twillingate and others who spoke in a similar tone in making what was a calculated slur on the Canadian parliament and the Canadian people. If this on their part is an accusation that the Canadian people want to commit an act of bad faith, or would tolerate such an act, or that the Canadian parliament in the year 1962 or at any other date would be prepared to be a party to an act of bad faith, I may tell them that Canadians are not built that way and the Canadian parliament is, I am sure, never going to resort to base tactics of that kind.

The sooner the hon. member for Bonavista-Twillingate and those associated with him learn that fact, the sooner they will be able to do justice to their responsibilities as members of the Canadian parliament. If Newfoundland has any case to present in this respect it is surely a case which ought to be capable of presentation in temperate terms appealing to the good sense as well as to the good will of the hon. members of this house.

What is the trust we are told we have broken? It must amaze hon. members who

have followed this debate that when Newfoundlanders are told they cannot trust what the Canadian parliament is prepared to say in a statutory enactment, somehow or other they were prepared to entrust their whole future to the vague and nebulous terms of article 29 which did not give them anything, expressly, except the right to have a royal commission appointed by the federal government, and which gave them nothing more, as Mr. St. Laurent plainly said in this house in 1949. How is it that the trust which apparently Newfoundland was prepared to vouchsafe in article 29 in 1949 may not, apparently, be vouchsafed today in an enactment of the Canadian parliament which is put before this house in plain terms?

It is quite obvious, I submit, why hon. members opposite are resorting to this frenzied talk about article 29 and breaches of faith. It is evident that some of the chickens are now coming home to roost. It is quite clear that those who oversold the people of Newfoundland on what the terms of article 29 really meant are being faced now with inescapable facts which they have withheld from the people of Newfoundland up to this time.

I remind the house of the words of Mr. St. Laurent, uttered in this chamber in February, 1949. Had those words been carried to the people of Newfoundland by hon. members opposite, or those associated with them; had those words been carried to that province in all frankness, much of the difficulty and bad feeling which members of the opposition have generated in Newfoundland since could never have been created by them.

I see it is one o'clock.

Mr. Speaker: The house will resume, then, at two o'clock this afternoon.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2 p.m.

Mr. Fleming (Eglinton): Mr. Speaker, at one o'clock I was referring to the fact that it was quite evident that those who have been overselling the terms of article 29 in Newfoundland had not laid before the good people of Newfoundland the words of Mr. St. Laurent in his authoritative pronouncement in this house on February 7, 1949 upon the effect of the terms of article 29. Perhaps the attitude of a good many of those who have been purporting to speak for Newfoundland might have been very different today if that corrective and authoritative pronouncement of Mr. St. Laurent had been made known to the people of Newfoundland as effectively as some have evidently been applying their efforts to oversell the effect of the terms of article 29.

I was suggesting that perhaps in the rather frenzied approach to the present debate of some hon. members opposite we see now something of a situation in which the chickens are coming home to roost, and in which this overselling of the term of article 29 which has been carried on by some persons has now been subjected to exposure. We are accused by certain hon. members opposite of violating some obligation. I am going to examine that accusation, because the government does not intend to leave allegations of that kind unanswered. They are baseless, and I suggest that in the end they will not reflect credit upon those who have resorted to them.

What is the obligation that it is said the federal government was under and which it has not fulfilled? Here I propose to strip the sophistry off some of the remarks we have heard from hon. members opposite in the course of this debate. I tried as best I could to follow the Leader of the Opposition in what he was saying on this point. First of all, Mr. Speaker, I ask, does article 29 create an obligation? The obligation created by article 29 is very clearly an obligation placed upon the federal government to appoint a royal commission in accordance with its terms. And as to that, either Mr. St. Laurent was right or the Leader of the Opposition was right in his speech. They cannot both be right. If the point raised by the Leader of the Opposition yesterday was sound, if his speech had any merit, it could only have that merit on the basis of repudiating what Mr. St. Laurent said in this house on February 7, 1949, as reported at page 289 of *Hansard* of that date. The words of Mr. St. Laurent are crystal clear. Speaking of this very point he said:

> There is no undertaking to implement any terms of recommendation that may be made by a royal commission.

What could be clearer than that? If there is any suggestion from hon. members opposite that article 29 created any obligation except an obligation to appoint a royal commission, then Mr. St. Laurent has completely removed any suggestion of any other obligation. If we are to heed what was said by hon. members opposite and by the Leader of the Opposition about some moral obligation in this respect, again I invite the attention of hon. members to what Mr. St. Laurent said on that point. Here are his concluding words in the passage to which I have made reference:

> It was felt that if there was an investigation and a report by a commission, in which the public at that time would have confidence, the legislature of that day—

Note those words, "the legislators of that day". That means parliament; that means hon. members of this house and the other place. I continue:

—could well be trusted to do what would prove to be right in order to make this enlarged nation a united nation continuing on its path of progress toward its great destiny.

Mr. St. Laurent, as to the alleged moral obligation, was simply saying that this is a matter which must be left to the legislators when the report of the royal commission comes before the House of Commons. He said that, and he said not one word more than that about any obligation of the legislators in the Canadian parliament. He said the legislators in parliament can be trusted. That is what he said, and we are here discharging that duty; and if there is to be a contradiction between the views expressed by hon. members opposite now and by Mr. St. Laurent at that time, when it comes to a matter of the interpretation of a constitutional document, then with great respect to hon. members opposite I must say that having regard to the experience of Mr. St. Laurent, I do not think there is any doubt that it is the view of Mr. St. Laurent that hon. members will accept.

Therefore there is not to be found in article 29, as interpreted by Mr. St. Laurent, any continuing obligation.

Mr. Pickersgill: What a perversion.

Mr. Fleming (Eglinton): What of the next stage, Mr. Speaker? What about the recommendations? Is there an obligation created in respect of the recommendations of that royal commission? Here again we have had some extraordinary sophistry on the part of hon. members opposite. The royal commission has made its recommendations. What effect have these? What binding effect, if any, have they upon the Canadian parliament? Here I need do no more than cite the words of the Leader of the Opposition yesterday as recorded at page 5989 of *Hansard* of July 14. I put the following question to him:

Does the Leader of the Opposition contend that the recommendations of the royal commission are binding on the federal government?

His answer was:

Of course not. I said yesterday that no recommendation of a royal commission is legally binding on any government.

The Leader of the Opposition is quite correct. There was no binding effect so far as the recommendations of the royal commission are concerned. It is perfectly clear. It remained, then, in the light of the terms of article 29, in the light of this authoritative interpretation by Mr. St. Laurent, a matter for decision by parliament. There is nothing said there about further negociation. There is nothing said there about entering into a new agreement. No, not at all; article 29 simply leaves it to parliament, as Mr. St. Laurent has said, and it is not left with any suggestion of any binding effect that those recommendations might have upon parliament. There is no such binding effect so there is no obligation up to that point. These recommendations are not binding on the federal government nor are they binding on the federal parliament. We do not say they are binding on Newfoundland either.

Newfoundland through its premier is entitled to approve them or criticize them as he chooses. No one will deny him that right. Nor is there anything to prevent him asking for more, as he did when we met with him in January last. That is his right. But there is no right—and here I wish to be very clear and emphatic in regard to this alleged obligation—there is no right, contractual or constitutional, on the part of anyone in this country to the implementation of the recommendations of this royal commission in whole or in part.

Hon. members opposite in going on talking about an obligation are simply doing so in the face of clear and uncontestable facts. A fair test of the effect of this constitutional provision in article 29 is to test it under other circumstances for its meaning. Had circumstances been different, it is perfectly clear that under the terms of article 29 the royal commission might—as I say, had circumstances warranted it—have recommended larger or smaller payments, or no payments, or payments for a year, or six months, or two years, or for any period the royal commission might have chosen. It was a question of the circumstances found by the royal commission.

It is not a question of any obligation or absolute right, contractual or constitutional, on the part of the province of Newfoundland or anyone else, and hon. members opposite are completely mistaken in talking about unilateral action. The Canadian parliament has to take the responsibility in this matter, Mr. Speaker. Why? Because those who were responsible for the drafting of the terms of article 29 so provided. It was not left for further negotiation of a new agreement. Article 29 and the other terms of union were final in their terms, Mr. Speaker. What was required at that point, Mr. St. Laurent makes crystal clear, was a decision by the Canadian parliament. If hon. members opposite today do not like that procedure they can take the responsibility upon themselves, because it was they who drew article 29.

What has been the attitude of this government, Mr. Speaker, toward the recommendations of the royal commission?

Mr. Pickersgill: What did Mr. Drew say?

Mr. Fleming (Eglinton): Mr. Drew did not say anything at variance with what I am saying now, but hon. members opposite in argument for the last two days have been saying things directly repudiating the statement of Mr. St. Laurent. We prefer the statement of Mr. Laurent in his authoritative pronouncement.

What has been the attitude of the government toward the recommendations of the royal commission? We have recognized the eminence, the competence of the three members who constituted that commission. We do not attack the personnel of that commission, whether or not we like their recommendations. We have examined the report. I have indicated that we think there are weaknesses in the report, that the recommendations in some respects are not well founded; but on balance and in the hope of arriving at happier relationships we have asked this house to proceed in the manner indicated in the present bill; to provide immediately, by immediate decision of parliament, for the payment of those sums of money in the period up to March 31, 1962, the end of the current period.

As to the word "thereafter" upon which hon. members opposite have staked their case we say, Mr. Speaker, that had the royal commission, men of the quality and training of those who constituted the royal commission, intended to make a recommendation for a payment in perpetuity it might be safe to conclude that they would have said so, and said so in express terms. Parliamentarians, when perpetual obligations are created, do not leave matters of that kind to strained inference. When obligations of that nature are being created they are spelled out, Mr. Speaker, in plain terms. The men who constituted this royal commission were well aware—

Mr. Pickersgill: May I ask a question?

Mr. Fleming (Eglinton): We shall be in committee shortly. I will be glad to answer questions there.

Mr. Pickersgill: I can understand why the minister does not want to answer.

Mr. Fleming (Eglinton): Those members who constituted the royal commission were not the kind of men who, in matters of such high importance, were likely to leave their thoughts in vague terms, had they intended to propose a recommendation effective in perpetuity. Sir, to say that "thereafter" means in perpetuity is, I submit, to put a proposition to this house, as hon. members opposite have done, that simply flies in the teeth of reason.

Mr. Pearson: What does it mean?

Mr. Pickersgill: What does the word "thereafter" mean?

Mr. Fleming (Eglinton): If hon. members will just wait, I am going to develop that point.

Mr. Pickersgill: Read it from the dictionary.

Mr. Fleming (Eglinton): I will read it where I choose; I do not take my orders from the hon. member for Bonavista-Twillingate.

Mr. Martin (Essex East): Why not?

Mr. Fleming (Eglinton): I come back and ask, Mr. Speaker, what was the purpose of article 29? It was never in the contemplation of anyone in drafting the terms of article 29 that there should be a situation in perpetuity that would require payments from the federal treasury. Newfoundland is a province with great resources. It was a period of limited duration that was in contemplation by those who drew article 29. It would be an insult to Newfoundland to say that it was to be contemplated that forever and ever conditions of the province of Newfoundland in relation to services were always to be at a lower level than those in the three maritime provinces. No; the whole tenor of discussion has always been that what article 29 was dealing with was a situation of limited duration. It was not something that was going to run on forever and ever. I say that for hon. members opposite to assume that Newfoundland was going to stand still and that its services were always going to be at a lower level than those in the other three Atlantic provinces is an insult to Newfoundland.

Mr. Pearson: It certainly is the case.

Mr. Fleming (Eglinton): And that is exactly what hon. members opposite use as the basis of their argument, if their argument has any meaning at all.

The other answer to them, Mr. Speaker, in exposure of the curious sophistry to which they have resorted in their speeches, is this; that those who spoke for the province of Newfoundland before the royal commission put their case on the basis of a request for payments for a limited period, not for the indefinite future.

Mr. Pickersgill: What limited period?

Mr. Fleming (Eglinton): I read yesterday the statement of Mr. Carl Goldenberg, the extremely competent counsel who represented Newfoundland before the royal commission.

Here is what he said, which is to be found at pages 627 and 628 of the proceedings of the royal commission:

> Now, Mr. Chairman, I am not suggesting that this additional financial assistance will be required by Newfoundland indefinitely.

What can be clearer than that, Mr. Speaker? There is the counsel chosen by the province of Newfoundland, a very competent counsel. I am sure no one in this house is going to say that he has a greater right to speak for Newfoundland than Mr. Carl Goldenberg, selected by the government of the province for the purpose. I read his next sentence:

> As Newfoundland's public services improve and its economy expands, the differentials in income and in tax burdens as compared with other provinces will narrow; with the narrowing of the gap, the dependence on grants from the government of Canada will decline.

It is precisely what we have said, Mr. Speaker, and it is directly the opposite to what hon. members in the opposition have been saying on this subject. Therefore, Mr. Speaker, we have said and proposed to the house in this bill that the sensible thing to do, the sensible course to follow, is to have a review at the conclusion of this period for which the payments are being expressly provided. This is a sensible course. It is the course that was sought by Newfoundland, Mr. Speaker. Let me remind the house of what Mr. Goldenberg said on this subject in his submission to the royal commission:

> Accordingly, while Newfoundland is now entitled, under the provisions of term 29 of the terms of union, to receive additional annual financial assistance of the order of $17 million, provision should be made for a further review—

Note these words, sir:

> —a further review of its financial and economic position within a reasonable period of time.
>
> Accordingly, Mr. Chairman, on behalf of the government of Newfoundland I submit that the government of Newfoundland is entitled to claim from the government of Canada an annual grant of $17 million subject to the adjustments which we have discussed over and above all other federal grants as the additional financial assistance required under the explicit provisions of term 29. I recommend further that the said grant should be paid annually to the province of Newfoundland, commencing in the fiscal year 1957-58. I recommend that the amount of the said annual grant should thereafter—

Where did the word "thereafter" come from in the report? Here is the word "thereafter" in the closing submission of the counsel for the province of Newfoundland:

> I recommend that the amount of the said annual grant should thereafter be subject to periodic review.

What can be plainer than that? That was his concluding submission. This is what the spokesman for Newfoundland said, not those voices opposite that parrot the views of one outside the house. That was the authentic voice of the spokesman chosen by the province of Newfoundland to present its case to the royal commission. I remind the house that in our meetings with him in January last Mr. Smallwood was still asking for a review, and proposed that there should be a review in 1965. He would have liked reviews at periodic intervals.

I do not wish to labour this point further, Mr. Speaker, but I was taken to task yesterday by the Leader of the Opposition for saying I was quite certain that if the royal commission had thought they had the power under the terms of article 29 to recommend a periodic review they would have done so. The Leader of the Opposition challenged that statement. I refer now to the proceedings of the royal commission, pages 1511 and 1512. There was a question about a review and Chief Justice Walsh said:

> I am concerned about our authority to write down there shall be a review at a certain time. Have we that authority?

Then Mr. Goldenberg replied:

> I see, do you think you have the authority to make your recommendation subject—
>
> Commissioner Walsh: I feel we would be going beyond our terms of reference to provide for a review.

And further, on page 1514 these are the words of the chairman, Chief Justice McNair:

> The point I think you were advancing that our recommendation could contain a suggestion for further review. I am doubtful whether that is within our province. These financial settlements between governments never prove final, as you know.

Does that sound like any thought that there was going to be a proposal for payments in perpetuity as a final settlement? Here is the chairman of the commission saying that "these financial settlements between governments never prove final, as you know".

Then sir, here is the submission of the other counsel for the province of Newfoundland to the royal commission. Mr. Lewis had this to say, as found at page 1598 of the proceedings:

> We are, I am sure, all fully convinced this is the last time that Newfoundland can come before any tribunal such as this to plead her cause as of right. When the signatures are affixed to the report of this commission the final act in the consummation of confederation will have been performed. From that day forward no man shall have the contractual right to demand that Newfoundland's position as a partner of Canada should be reviewed or reassessed.

We have to listen in the house, Mr. Speaker, to hon. members asserting that there are still surviving contractual or constitutional rights that have not been acknowledged or honoured by the government of Canada in the manner in which they have been

honoured both in the appointment of the royal commission and in the terms of the present bill. These hon. members are repudiating the stand that Newfoundland took before the royal commission.

Mr. Pickersgill: I thought you said a while ago that we were parrotting it.

Mr. Fleming (Eglinton): They are repudiating the stand that was effectively taken before that commission by those who were qualified to speak for the province of Newfoundland.

This is my concluding word, Mr. Speaker. The terms of article 29, for which hon. members opposite were the responsible draftsmen and with respect to which they are the irresponsible spokesmen today, were vague and nebulous. They presented the royal commission with a virtually impossible task. We are taking out of that report of the royal commission whatever is definite, and we are asking the house in the interests of good relations, in the spirit that Mr. St. Laurent was confident when speaking in 1949 that Canadian legislators in the Canadian parliament would demonstrate when this matter came before them in due course, to join with us in making definite provisions to be translated into an obligation created by parliament in the plain terms of a statutory enactment of the Canadian parliament. We are proposing that the Canadian parliament place itself on record in a way it has not done in relation to Newfoundland before; not in any vague, nebulous terms but in clear, definite terms.

In this bill we are spelling out the undertaking that in the wide review of dominion-provincial fiscal and financial relations that is to take place as of the period that will follow March 31, 1962, Newfoundland may not only put forward her position with all the other provinces of Canada but in her case, where there are any special circumstances affecting her, she will have full opportunity to put them forward, and in this review of dominion-provincial fiscal relations those special circumstances put forward by Newfoundland shall be taken into consideration.

That is the effect of the bill. That is the way in which the government, if parliament approves, proposes to undertake to meet a difficult situation; to meet it in terms of good will, to meet it on the basis of mutual trust, and to meet it in a way which we believe will bring honour and, in the end, satisfaction to the good people of Newfoundland.

The house divided on the motion (Mr. Fleming) which was agreed to on the following division:

Division

YEAS

Messrs:

Aiken,
Aitken, Miss
Allard,
Anderson
Asselin
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Bigg
Bissonnette
Bourbonnais
Brassard (Chicoutimi)
Brooks
Browne (St. John's West)
Bruchesi
Brunsden
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Courtemanche
Creaghan
Crouse
Danforth
Diefenbaker
Dorion
Doucett
Drouin
Dubois
English
Fairclough, Mrs.
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flynn
Forbes
Fraser
Frechette
Grafftey
Grills
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hamilton (York West)
Hanbidge
Harkness
Henderson
Hodgson
Horner (The Battlefords)
Howe
Johnson
Jorgenson
Keays
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
Latour
Legere
Lennard
Macdonnell
MacInnis
MacLean (Queens)
McBain
McCleave
McDonald (Hamilton South)
McGee
McGrath
McGregor
McIntosh
McQuillan
Martel
Martineau
Martini
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Pascoe
Paul
Pigeon
Pratt
Rapp
Rea
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rynard
Simpson
Small
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Stanton
Starr
Stearns
Stefanson
Stewart
Tassé
Thomas
Thompson
Thrasher
Tremblay
Villeneuve
Vivian
Walker
Weichel
White
Winkler
Wratten—144.

NAYS

Messrs:

Argue	Hardie
Badanai	Herridge
Batten	Leduc
Benidickson	Macnaughton
Boivin	McIlraith
Boulanger	McMillan
Bourget	McWilliam
Bourque	Martin (Essex East)
Caron	Martin (Timmins)
Carter	Mitchell
Crestohl	Nixon
Denis	Pearson
Dumas	Pickersgill
Dupuis	Ratelle
Eudes	Richard (Ottawa East)
Forgie	Roberge
Granger	Tucker—35.
Habel	

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

On clause 1—*Short title.*

Mr. Pearson: I do not propose to say very much on clause 1. I shall reserve most of my comments until we reach clause 2, which deals with some of the more detailed provisions of the bill. But the words to which we have just listened—and there were a lot of them uttered by the Minister of Finance—certainly were such as to provoke a few observations from this side of the house. We will have occasion during the very comprehensive consideration which we propose to give to the terms of this bill—and this will take some time—to deal with some of the more detailed aspects of the minister's argument.

Perhaps I can say at once that the violence of the minister's language does not conceal the hollowness of his argument, as we will endeavour to point out. We on this side of the house, especially those from Newfoundland, have strong views with regard to this legislation. This being the case the minister, in immoderate and extravagant language, challenges our right to express those views in strong language. The hon. gentleman's complaint is, of course, that we do not now agree with the view he takes at this time in regard to this matter. It was not always his view, as we shall be able to point out.

Mr. Fleming (Eglinton): Oh, yes; it was always his view.

Mr. Pearson: The minister on this occasion —and he has done it many times before in this house—spoke with a self assurance which verged on arrogance and a complete certainty of his own infallibility which more than verged on self righteousness. He carried that characteristic a little too far, however, when he identified himself at the beginning of his remarks not only with the government—

perhaps he is entitled to do that—but with parliament, and indeed with the people of Canada, in respect to this particular bill which in the words of the Prime Minister is a final and irrevocable settlement of the obligations contracted by the federal government with Newfoundland at the time of union.

In respect of the position taken by the minister, he had the effrontery a short while ago to say that he was speaking for parliament and for the people of Canada. Nothing quite so ridiculous as that has been heard since the three tailors of Tooley street took unto themselves the people of England. All the hon. gentleman's talk and all the identification of himself with the people of Canada cannot conceal the fact that the obligation under term 29 is far more than an obligation to set up a royal commission, as any fair minded person must realize.

Mr. Montgomery: No, it is not. You cannot say that.

Mr. Pearson: If the hon. member has anything to say in addition to his babbling interruptions, why does he not get up and say it when we get into committee?

Mr. Fleming (Eglinton): We are in committee.

Mr. Pearson: As I was saying before I was interrupted from the end of the chamber by an hon. member who has done nothing in this debate except interrupt, who spoke not a word on second reading and perhaps will not say a word at this stage, and who I suggest might well stop interrupting, all the talk of the minister and all the ferocity of the minister's language—and goodness knows, he is a past master in that—does not conceal the fact that the obligation under term 29—and there is an obligation in addition to the appointment of a royal commission, as any fair minded person would agree—which has now been repudiated, and the people of Newfoundland and the government of Newfoundland have to rely in future for the implementation of this particular term of the act of union on the good will of the federal government of Canada.

An hon. Member: That is all Mr. St. Laurent said—

Mr. Pearson: Nothing Mr. St. Laurent said denies that fact, and we shall have ample occasion to demonstrate that, too. Perhaps that is all I need say on clause 1. When we get to clause 2 I shall have a good deal more to say about that part of the bill.

Mr. Herridge: Mr. Chairman, I have not spoken at all during this debate, but I have listened with a great deal of interest to what

at times I considered somewhat unnecesary vehemence on both sides of the argument. I want to explain our position briefly. I must say, first of all, that we think the Prime Minister was entirely wrong when he said on March 25, as reported at page 2216 of *Hansard*:

> The proposed payments will be unconditional and will be in final and irrevocable settlement of the provisions of article 29 and the contractual obligations of the union consummated in 1949.

We think he was wrong because in saying that he was, in our view, departing from the recommendation of the royal commission. Then again, we think this statement was unnecessary. Personally I was very surprised that one so politically astute as the Prime Minister could have made such an unnecessary statement at this time. That statement has without a doubt caused misunderstanding in Newfoundland, and great disappointment. I have no hesitation in repeating what my leader said yesterday, namely that this is something of a tempest in a teacup. We recognize that, but we voted against the resolution and today against the bill to show our sympathy with the representatives from Newfoundland because of the Prime Minister's statement which, as I say, we think was so unnecessary.

Before sitting down, I want to say this. We have no fear whatever as far as this group is concerned that the people of Newfoundland will fail to get fair treatment in the years ahead. I am quite sure that the parliament and the people of Canada want to see all our people treated on an equal basis. When it comes to legislation of this kind, we have no fear that when 1962 comes the people of Newfoundland will receive the same treatment as far as dominion-provincial relations are concerned as all other provinces, because that is the Canadian way to deal with these questions.

Mr. Pickersgill: I cannot, of course, agree with the hon. member's last sentence, because it seems to me it does repeat what we have complained about from the beginning, the suggestion on the part of the government that Newfoundland has a right as an ordinary province of Canada to be treated on the same basis as any other province. That is not what is at issue here. What is at issue is something that was agreed to as a part of the union, and something which this government by this bill is seeking to take away from Newfoundland. That is the whole basis of our argument.

The Minister of Finance made a rather successful effort the other day. I listened this morning to a program that is very dear to the heart of the Prime Minister, the program called "Preview Commentary" and the word "perpetuity" was used there. The Minister of Finance seems to think parliament either has to put a definite term on something or legislate in perpetuity. That, of course, is absolute nonsense, to use the hon. gentleman's favourite word. I believe that 99 per cent of all the legislation we pass in this house is for neither of those terms. It is indefinite until parliament takes some other course. That is what this legislation should have been. That is what the royal commission said it should have been. That is what "thereafter" means. It does not mean thereafter to eternity, but thereafter without a specific term, because there was no specific term recommended by the commission.

On Monday the Minister of Finance made a statement which I know he made believing it to be true, but he ought to have known that it was not true. He said—

Mr. Fleming (Eglinton): Page?

Mr. Pickersgill: I am reading from page 5903 of *Hansard* of July 13, at the very top of the first column, after the expression "black and white" is used, which is another of the minister's favourite expressions, and I must say a very characteristic expression because the minister has no greys. Perhaps that is why he cannot see any intermediate term between March 31, 1962, and perpetuity. Everything is either black or white to the minister. However, this is something the minister said in black and white which happens, historically, to be untrue:

> Mav I remind hon. members that apart from the constitutional subsidies, no other province—not one of the other nine province—has anything in black and white beyond March 31, 1962, to define its financial relations with the dominion—

I have in my hand, Mr. Chairman, the report of the royal commission on financial arrangements between the dominion and the maritime provinces set up by the Bennett government under the late Sir Thomas White, which commission made its report in 1935. The purpose of this commission was to consider, under the recommendation of the Duncan commission which was set up some years earlier, the financial relations between the three maritime provinces and the federal government. At page 20 of the report it is stated:

> An assessment in detail of each claim is not possible as the claims are for the most part based upon broad and general considerations of fairness and equity having regard to the treatment enjoyed by other provinces under the same headings and to the economic disadvantages to which the maritime provinces are peculiarly subject owing to their isolated geographic position in relation to the central and western parts of Canada toward which the trend of Canadian development has continuously and increasingly set ever since the establishment of the dominion. Such claims are by their nature not susceptible of detailed appraisal by any process of mathematical calculation as the

basis for accurate comparison is wanting on account of the diversity of conditions and circumstances of development of the several provinces.

It was then stated:

As an assessment in detail of each of the claims presented before us is, for the reasons given, manifestly impracticable, we adopt the only course available to us, viz., to consider equitably the claims in the aggregate assigning to each its due weight according to our best judgment and making our recommendation in the form of special additional annual subsidies to the maritime provinces respectively as a final equitable settlement of the claims brought before us for adjudication. These additional annual subsidies so recommended are to be in substitution for the interim annual subsidies recommended by the Duncan commission. They should commence in the fiscal year 1935-6 and the interim annual subsidies recommended by the Duncan commission should cease at the end of the fiscal year 1934-5.

I draw hon. members' attention to the marked similarity with the present case. There you have interim payments under the Duncan commission, and here in this case you have transitional payments made under term 28.

Mr. Fleming (Eglinton): Those are subsidies. They are referred to as subsidies.

Mr. Pickersgill: Not constitutional subsidies; that is the word the minister used. This commission was not set up pursuant to the constitution, as was the McNair commission, but was set up simply in the wisdom of the government of the day. It was a wise thing to do, but it was not a constitutional obligation. The minister by his intervention has very much weakened what little case he had. This was something that was done by the federal government in its wisdom in order to be equitable to the maritime provinces. It was not required under the constitution at all. I repeat:

They should commence in the fiscal year 1935-6 and the interim annual subsidies recommended by the Duncan commission should cease at the end of the fiscal year 1934-5.

The additional annual subsidies which we recommend are as follows:

To Nova Scotia, $1,300,000.
To New Brunswick, $900,000.
To Prince Edward Island, $250,000.

Now, what disposition was made of that? Sir George Perley was asked a question by Mr. McClure, who was at that time a member of this house representing a Prince Edward Island constituency, and Sir George Perley said that this recommendation would be dealt with either by a bill or by an item in the estimates. It appears in the Appropriation Act for one year only, for the fiscal year 1935-36. I have not examined the statutes for every year, but I am advised that it was dealt with in the same way every year until 1942, when it was embodied in a statute, chapter 14, entitled "An act to provide for the payment of additional subsidies to the maritime provinces". It sets out these subsidies recommended by this report, and there is no time limit whatever put on them.

I do not think and I am not arguing that that is legislation in perpetuity. It is still on the statute books. They are still being paid in that form, and I take it they will go on being paid indefinitely. I would be very surprised if any government would ever reduce them, but circumstances might arise in the future when they would be increased. The minister was manifestly incorrect concerning a very important matter in his department with which he should have been better acquainted after two years at 18 hours a day.

If the government of Mr. Mackenzie King in 1942 could carry out what obviously was intended by the government of Mr. Bennett in 1935 in accepting the recommendation of the White commission and providing for additional subsidies to these three provinces and no others for an indefinite period, surely there is no reason on earth why the same action should not be taken in this bill except that this government wanted to punish Newfoundland, and for no other reason.

There could be no other reason except one. The year 1962 may be the end of the mandate of this parliament, and it may be that hon. gentlemen thought that by putting in that date it would give them an opportunity to make some more of those promises of which we had so many in 1957. There is no other explanation whatsoever that is credible to any dispassionate, objective person.

I suggest, sir, that hon. gentlemen—I will not ascribe motives—can take whichever explanation they like.

But this is not the only case. This morning I took a look at the Provincial Subsidies Act. These are not the constitutional subsidies of 1867; I understand those subsidies are provided under the Financial Administration Act at the present time. I looked into this matter. It is not very easy to trace the evolution of these statutes but these subsidies in the Provincial Subsidies Act are not the original constitutional subsidies; they are various other payments.

First of all there is one to New Brunswick, which is indefinite in time and is made on account of the repeal of duties on the export of lumber. It is not a very large amount, but it has been paid for a long time. It is $150,000 annually; there is no term on it; it does not end in 1962; it goes right on. It is not one of the constitutional subsidies at all; it is a payment that is made indefinitely, as this should have been.

There are at least eight or nine of those. Some of them are paid to Manitoba, several

to British Columbia and some to Prince Edward Island for various reasons, and they are being paid indefinitely. It does not necessarily mean that they are going to be paid forever, but they are being paid quite indefinitely. In other words the minister was completely and utterly wrong in his facts when he said that, apart from the constitutional subsidies, not one of the other nine provinces has anything anywhere that goes beyond March 31, 1962. It seems to me that this completely destroys any argument the minister might have had for putting this arbitrary date upon what was obviously intended to go on thereafter.

Now, for the benefit of the hon. and erudite member for Rosedale (Mr. Walker), I thought I would give him the definition of "thereafter" which can be found in the Concise Oxford dictionary. It means after that; in other words after March 31, 1962. This is the first definition.

Mr. Fleming (Eglinton): No, not 1962; the last previous date referred to is March 31, 1961.

Mr. Pickersgill: No, no.

Mr. Fleming (Eglinton): In the recommendations.

Mr. Pickersgill: Does the minister say "thereafter" meant for one year?

Mr. Fleming (Eglinton): Don't run away.

Mr. Pickersgill: Does the minister mean to say that "thereafter" is for one year? Nothing more ridiculous—

Mr. Fleming (Eglinton): Don't run away.

Mr. Pickersgill: Let me read the other definition of "thereafter". "According to that rule". Now, do you have a rule for a single case, Mr. Chairman? Has anyone ever heard of having a rule for a single case? I repeat, Mr. Chairman, that in spite of the quibbling of the hon. member for Rosedale, ordinary, plain people, speaking plain English, have no trouble in understanding that "thereafter" means thereafter.

Now, sir, the minister made a lot of what Mr. St. Laurent, according to him, meant; and yesterday the Prime Minister raised that old question that his party tried very unsuccessfully to create prejudice about in the 1949 election, namely Mr. St. Laurent's statement about the right to use the French language.

Mr. Diefenbaker: No such statement was ever made by me about prejudicing the people.

Mr. Pickersgill: I did not suggest that; I said the Prime Minister's party, and I could quote—

Mr. Diefenbaker: I thought you said the Prime Minister.

Mr. Pickersgill: —a statement by Mr. Hackett and those of a good many other members. I saw their speeches. I took a good deal of interest in speeches in those days.

Mr. Fleming (Eglinton): You were just writing them in those days. Did you write that one?

Mr. Pickersgill: Mr. Hackett's? No, he never asked me.

Mr. Fleming (Eglinton): Did you write Mr. St. Laurent's speech?

Mr. Pickersgill: Which one of Mr. St. Laurent's?

Mr. Fleming (Eglinton): The one you are referring to.

Mr. Pickersgill: As I recollect it, Mr. St. Laurent was replying to a question in the house one evening. I think it was one evening; I was not even here. I read it in *Hansard*, and I remember very well the rest of what Mr. St. Laurent said. It applies so precisely to this case, and it is so like the words he always used. Mr. St. Laurent took the view—I am afraid that perhaps some of us here are not so charitable—that we would always in this parliament be dealing with honourable people acting in an honourable fashion, and it never occurred to him that anyone at any time would have the effrontery to suggest that all that was required by term 29 was to appoint a royal commission to engage in an academic exercise. Just to state that proposition is surely to show how fantastically absurd it is.

The purpose of the royal commission, as I said on Monday and I repeat for the benefit of the Minister of Finance, was to find a mechanism, a relatively independent and objective mechanism. For my part I accept that it was a relatively objective commission, and I have never myself made any criticism whatsoever of its recommendations.

Mr. Diefenbaker: Do you agree with Mr. Smallwood's expression of view?

Mr. Pickersgill: I will choose my own time to express my agreement or disagreement with Mr. Smallwood or anyone else. I have never felt I was under any compulsion at any time in my life to agree with anyone. I have a fairly good record, I think, of making up my own mind and reaching my own conclusions, which I think some hon. members would perhaps be willing to concede.

Mr. Fleming (Eglinton): Would the hon. member permit a question?

Mr. Pickersgill: Certainly.

Mr. Fleming (Eglinton): When he speaks about his view of the report of the royal commission and not having criticized it apart from the period, the length of time the payments were to run, is he satisfied with the recommendation of the $8 million per annum as against Mr. Smallwood's request first for $17 million per annum and later for $15 million per annum?

Mr. Pickersgill: As a matter of fact, Mr. Chairman, my answer to this question is very simple. This recommendation was made by the royal commission which was given that responsibility under the constitution; I was not given it. I will say this for the government. It seems to me that it would have been very difficult for any federal government to deviate from the award made by that commission, whatever their views might have been.

Mr. Bell (Carleton): The hon. member disagrees with Mr. Smallwood.

Mr. Pickersgill: I am not agreeing or disagreeing with Mr. Smallwood. This was not my business. This was why the royal commission was appointed. I think Mr. Smallwood was understandably disappointed. I said that the other day. If the hon. gentleman thinks he is going to get some satisfaction out of getting me to say that I disagree with Mr. Smallwood, well, he can get what satisfaction he likes. I have disagreed with Mr. Smallwood about a good many things and I expect to disagree with him about a good many more; but about this matter, Mr. Smallwood is the premier of Newfoundland and I am a member of this parliament, and I am taking my responsibility as a member of this parliament.

I have been very categorical about this and I will be so again. My view—and it is precisely the same view as the Leader of the Opposition has—is that if the government had carried out literally the recommendations of this royal commission they would have discharged the obligation under term 29, and they could not be criticized on the grounds of a breach or repudiation of the constitution at all.

I said the other day and I say again, like the Leader of the Opposition and like the premier of Newfoundland, that I think it would be much better to provide after a period for a review; and I think, like the Leader of the Opposition, that review should be a review agreed upon between the two parties to the original contract. But I say that this contractual obligation is very plain. It is to provide—I want to use the exact words—to provide the additional financial assistance, if any, that may be required by the government of the province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome—perhaps I can just say more burdensome than the maritime average and save quoting the rather more precise words.

Mr. Browne (St. John's West): To recommend, not to provide.

Mr. Pickersgill: No, I am not talking about what obligation was on the commission. I am talking about what constitutional obligation is on this parliament. That is what the Newfoundlanders believed they were getting when they signed the terms of union, and that is what Mr. St. Laurent believed they were getting, too. That is perfectly plain if anyone will take the trouble to read Mr. St. Laurent's words a little earlier on in the same passage that has been read so many times before. He said, as found at page 289 of *Hansard* of February 7, 1949:

> We on our side wanted to provide financial terms which would make it reasonably probable, if not certain, that the addition of Newfoundland to the economy of Canada would ultimately prove to be beneficial to both partners, to the older Canadians and to the newer arrivals. It was found, after more precise and careful study of the administrative problems that would be faced by the government of the province of Newfoundland, that the terms suggested in the offer submitted in October, 1947—

Those were the terms referred to by the hon. member for St. John's West last night.

> —would not be sufficient at the start to enable the provincial government to provide for its people on a basis comparable to that which is provided by the other Canadian provinces. It was felt there had to be quite substantial provisional grants, extending over a period of 12 years on a diminishing scale, to bridge the transition from the present economy of the island to the kind of economy which would make it possible for the provincial government to provide the people of Newfoundland with substantially the services that are provided for the rest of the Canadian people by their provincial governments, without resorting to a burden of taxation heavier, having regard to capacity to pay, than that which bears upon the people of the maritime region.

There is no doubt that is what Mr. St. Laurent indicated was the obligation, as between term 28 and term 29, that had been assumed in the terms of union. I am going to do something I do not do very often in the house, and I hope I will not do it very often in the future. I made a speech outside of the house the other day to the Canadian club in Winnipeg in which I said something about this very point. I am going to inflict it on

the committee because I think it is put more briefly here than I could put it if I ad libbed.

But the great snag in the negotiations was provincial finance.

I was talking about the negotiations with which, I will admit quite frankly to the hon. member for Rosedale, I was very closely associated although I was not a member of the negotiating team. I was in very close touch with them, as was natural because of the position I held at that time, in the prime minister's office.

Mr. McGrath: That is not what you said earlier.

Mr. Pickersgill: I said I had nothing to do with the drafting of term 29, and it so happens I had nothing to do with it. I would not have been ashamed of it, if I had, but the truth happens to be that I did not. Since the question was raised I thought it might be just as well to dispose of it. That does not mean to say I did not have a good deal to do with these negotiations. I have never said I did not. I have never been ashamed of it. Indeed, there is nothing I am prouder of than any little part I had in helping to complete confederation.

But the great snag in the negotiations was provincial finance. How could enough revenue be ensured to the new provincial government to carry on the provincial administration on Canadian standards, without making provision for Newfoundland from the federal treasury on a scale which would seem unjust to all the other provinces?

That was the question; that was the problem.

I can well remember one evening when Mr. St. Laurent told me he was afraid that problem just could not be solved.

Mr. Diefenbaker: Where was that?

Mr. Pickersgill: It was in a private conversation I had with him at the end of one of the sessions of the two negotiating committees, when he was very discouraged indeed about the prospect of meeting this problem, which I admit at once is a very, very difficult problem indeed; as the royal commission showed, because of the great disparity between the development of the rest of Canada and the development that was possible in Newfoundland on account of some of the sad events to which the hon. member for St. John's West referred last night and with some of which he was rather intimately associated.

That problem was finally met by the recognition of a principle. In simple language that principle was that the new province should have eight years to build up its public services, and at the end of those eight years the province should be provided whatever additional financial assistance was needed to continue the public services of the province without a higher level of provincial taxes in Newfoundland than in the maritime provinces. That principle was written into the Canadian constitution in term 29 of the terms of union. That is an obligation that the people of Newfoundland expect, and have a right to expect, the people of Canada to live up to.

That is the position I take. If I may say so, it is the position I have always taken on the matter, and as far as any overselling of it is concerned, I have never done anything except to point out, sometimes to people who did believe that it meant more, that all it meant was a guarantee of maintenance of the services as in 1957.

The hon. member for St. John's West tried to make a lot of that last night. He tried to make a lot of his statement that the Liberal opposition was trying to put services back to 1957. We are not trying to do anything of the kind. We are trying to get this right to which Newfoundland is entitled under the constitution, so that the money we get under the Atlantic provinces grants or anything else the government provides can be used in Newfoundland as in all other provinces to improve services. But the hon. member for St. John's West seems to want to force Newfoundland after 1962, because of the loss of these rights, to use money that other provinces can use for improvements for the purpose of continuing existing services. As precisely as I can put it, that is the difference between us.

While I am on my feet there is one other thing I should like to say, if I have not exceeded my time. Last night the Minister without Portfolio referred to the surpluses in Newfoundland and compared them with the colossal deficits of the Minister of Finance, I thought rather unkindly and rather to the minister's discomfort. The fact of the matter is, of course, that while Newfoundland has had a surplus on current account the hon. gentleman, as a former member of the house of assembly, knows very well that there is a very substantial deficit on capital account. He knows, I am sure, that because this government failed to act last September, when we pleaded with them to act, it has cost the government of Newfoundland over half a million dollars in interest payments, which money could have been used to much better advantage in that province if action, even the kind of limited, attenuated action being taken now, had been taken then.

Mr. Fleming (Eglinton): Why do you hold this up?

Mr. Pickersgill: I am not holding it up.

Mr. Fleming (Eglinton): Why do you oppose it then?

Mr. Pickersgill: I asked the minister when he was making his speech if he had ever heard of Esau. What the minister is doing, what the Prime Minister is doing, what the Minister of Justice went to Newfoundland to do, is to say, if I may put it in this way, "Now we are showering so many blessings upon you, give up your rights and trust us." That is what you are saying.

Mr. Diefenbaker: You had better stay out of the field of scriptural interpretation.

Mr. Pickersgill: If the Prime Minister needs any reminder of what Esau did, he sold his birthright for a mess of pottage. Here the minister is not even offering a mess of pottage. What the minister is doing here is saying "You can have your rights until 1962, and you must hurry up and take them or maybe we will change our minds. After that you have no rights at all, but trust us who have extinguished your rights".

Mr. Martin (Timmins): Mr. Chairman, we have been listening for the last two days to this debate, which has reached bombastic proportions at times. I must frankly admit that when the debate started I was not too familiar with the circumstances surrounding this bill. At the conclusion of two days of debate on it I must admit that I am still confused on various points.

However, from sitting back and listening to both sides of this debate, I have reached a couple of conclusions. The first is that this is not by any yardstick the worst bill this government has brought into this house. In fact, as submitted by the Minister without Portfolio, there may even be the possibility that this bill will be a better one, or will bring more benefit to the province of Newfoundland than what it is enjoying at the present time.

I think the highly important factor here is that what they had before was something they had by right of confederation and that what they will have in the future, if we adopt this bill, is something they will have by right of the Conservative government. I wonder why this government should think Newfoundland or any other province should be beholden to them even though they do not want to be so beholden. It reminded me of a cartoon I saw in a newspaper not so long ago. I do not know what newspaper it was, and I do not know just what the subject was. However, it certainly was very appropriate at the time. It showed a baby sitting in a high chair with a very firm nurse, and there was no mistaking the features of the nurse. They were those of our Prime Minister. He held a bottle of medicine and a spoon and the caption was, "So you don't like it; so it is good for you", I believe this bill would fit that particular cartoon very well.

The hon. member for Bonavista-Twillingate listed a couple of reasons which he believed were the only possible reason for this measure. However, I think he left out one possible reason, though I think he touched on it in his later remarks. I think that reason can be found if hon. members would look at page 1033 of *Hansard* for this session dealing with another matter, and that is the creeping paternalism of both the Prime Minister and the government he heads. In fact this bill says in as many words to the people of Newfoundland, "Never mind confederation. We can look after you better than anybody else, in fact better than you can look after yourselves".

The Deputy Chairman: Shall clause 1 carry?

Mr. Fleming (Eglinton): May I deal with three points that were raised in course of the discussion of this clause. The hon. member for Bonavista-Twillingate raised a question about the maritime provinces subsidies. I should like to remind him that those subsidies have for all practical purposes been assimilated with the subsidies provided under the British North America Act. They are bulked together. They are not separated in the estimates. They are together in the estimates and they have been, as all hon. members are aware, assimilated together for all practical purposes.

Mr. Pickersgill: Just as this should be.

Mr. Fleming (Eglinton): My statement should be read by the hon. gentleman in the light of that fact.

Mr. Pickersgill: But it is not.

Mr. Fleming (Eglinton): The second point is this. When hon. members wrench one sentence out of the announcement made in this house by the Prime Minister on March 25, they are not being fair. They treat it as though it were the whole speech. I would ask them in future, in fairness, to read the next following sentence. It follows directly on the heels of the words which they have been quoting. It reads as follows:

> On conclusion of the payments as of March 31, 1962, which corresponds with the conclusion of the present five-year fiscal arrangement between Canada and the provinces. Newfoundland's position can be considered in the light of the general methods of providing financial assistance to the provinces which may be in effect at that time.

Mr. Pearson: Big brother.

Mr. Fleming (Eglinton): It is quite clear that the Prime Minister at that time was indicating that there would be the review for which this bill makes explicit provision.

Finally, the hon. member for Bonavista-Twillingate I think will be glad to correct himself. I sought to do it when he was speaking about the word "thereafter" appearing in the concluding paragraph of the report of the royal commission. He said the report stated that it was after March 31, 1962. I sought to bring to his attention at the time—

Mr. Pickersgill: I agree with the minister.

Mr. Fleming (Eglinton): —that it was after the conclusion of the fiscal year that begins April 1, 1960.

Mr. Pickersgill: On that point I should like to say that I agreed with the minister at the time. I had made an error and I admit that fact right away. It was March 31, 1961. I think I made it plain that I was conceding the minister's point, because I said to him right away, did he think that "thereafter $8 million per annum" means for one year only, because he has provided $8 million for one year only. Surely the commissioners would have been explicit, and they would have said $8 million in the same form as they give all the others if they had meant it to end at March 31, 1962. The very fact that they did not do that surely indicates that they accepted the simple, reasonable, ordinary dictionary meaning of "thereafter" which is "according to the rule", and the rule was to be $8 million per annum.

The minister said these White subsidies had been "assimilated", which was his word, to the constitutional subsidies. I am glad they have been assimilated. I think they should have been. I think that was the intention of Mr. Mackenzie King's government when Mr. Ilsley introduced the legislation in 1942. But they were not provided for in the constitution. These subsidies are provided in the constitution. They are in the British North America Act now. What the government is trying to do, instead of assimilating them, is to tear them out of the British North America Act and terminate them in 1962.

Mr. Walker: In reply may I say this. My friend does not seem to be convinced. He speaks of the rule. It is a Pickersgillian rule. Nobody speaks as he did. Let me read from Hon. Mr. Lewis of the Newfoundland government.

Mr. Pickersgill: What is the hon. member reading from?

Mr. Walker: I am reading from the royal commission on Newfoundland finances:

> Because of the peculiar position resulting from the implementation of term 29, there is included in the recommendations one to the effect that a further periodic review should be made within a limited number of years in order that the fiscal position of the province vis-à-vis Canada may be reassessed so that payments may not be continued which may not be required, or alternatively, that payments might be increased in order that Newfoundland may be able to continue her services at the levels and standards reached.

That is what the Newfoundland government wanted. That is what they recommended.

Mr. Pickersgill: But that is not what the McNair commission recommends, and that is what we are talking about.

Mr. Walker: At page 1504, this morning, I read to the house how Chief Justice McNair felt about it. He stated that when the recommendations were made there would be nothing binding about them and they would have no binding effect. There are some who cannot be convinced because they do not wish to be. At page 1510A the distinguished counsel for the province of Newfoundland, Mr. Goldenberg said:

> When I submitted this recommendation for a review with a reasonable period of time, it was submitted in the best interests of both Canada and Newfoundland. I agree that there is nothing in term 29 requiring this commission to recommend further review, but I also submit that there is nothing in term 29 to preclude such a recommendation by this commission if it sees fit to make it. For example, if this commission attempts to consider whether the gap which has been discussed will close, and feels that the estimate it arrives at of the period is not something that can be fixed, the commission might suggest a further review.

And again at the bottom of the page he goes on to advocate that:

> —our recommendation be further reviewed, not necessarily by a royal commission but perhaps by the two governments.

Mr. Pickersgill: By the two governments.

Mr. Walker: Exactly. Are you suggesting that in 1962 the government of Canada is going to take unilateral action when the federal-provincial meeting takes place and Newfoundland's case is considered? In spite of the eloquence of my hon. friend, no one else thinks as he does. The senior counsel for the province of Newfoundland and the chairman of the royal commission both felt as the Prime Minister has stated and as this legislation will implement.

Mr. Pickersgill: May I reply very briefly to that?

Mr. Walker: Just a minute. I love to hear my hon. friend but I have to do a duty.

Mr. Pearson: Do your duty.

Mr. Walker: At page 1512 Mr. Goldenberg said:

> I do not want my learned friend to think it is only he who wants to make your task easy, if you suggested that a further review might be advisable.

But I do agree with you, I do not think you could make your final recommendation subject unconditionally to a further review.

Then the chairman intervened again, the chief justice of New Brunswick—

Mr. Pickersgill: Would the hon. member say what he was reading before? I did not catch what he read before the chief justice.

Mr. Walker: Mr. Goldenberg, the senior counsel for your adopted province. The chairman of the royal commission answered in this way:

A number of questions arise in my mind on this point, Mr. Goldenberg. Our recommendation alone—that is the recommendation of the commission—will create nothing binding.

The hon. member for Bonavista-Twillingate says it does.

Mr. Pickersgill: On a question of privilege—

Mr. Walker: Just sit down and I will finish.

Mr. Pickersgill: Mr. Chairman, I have a question of privilege. My question of privilege is that the hon. gentleman has stated that I said the recommendation of the royal commission was binding. I never said any such thing at any time.

The Acting Chairman (Mr. Morton): The hon. member is not stating a question of privilege but making a correction.

Mr. Walker: Then Mr. Goldenberg, when told by the chief commissioner that the recommendations of the commission would create nothing binding, said in the presence of Premier Smallwood who was there on that occasion, as indicated in the remarks on page 1521 of the transcript, that he agreed with the chief commissioner. Then on page 1513 the chairman again stated:

I am thinking there of the pattern laid down in connection with the tax rental agreements, but our recommendation alone has no effect.

Then Mr. Goldenberg answered:

It is only a recommendation to the government of Canada.

At page 1514 the chairman again said:

I am doubtful whether that is within our province. These financial settlements between governments never prove final, as you know.

Mr. Goldenberg: As we all know, Mr. Chairman.

As we all know, Mr. Chairman. Surely my hon. friend, who purports to want to get through here by Saturday night, should drop this innocuous, fatuous, whimsical point of his and take some cognizance of what real lawyers have said, knowing as they do, all the circumstances.

Mr. Pickersgill: I thank the hon. gentleman for his patronizing observation, but I would like to point out that what he said had nothing whatever to do with any argument I used at any time. Any member of this parliament who does not know that a royal commission's recommendations have no legal effect really should not be a member of this parliament, so why waste time arguing about that? Everyone knows that, and everyone knows that I have never quarrelled with that statement by Mr. St. Laurent. What I said was that it has to be read with the next sentence, which is to the effect that if the report of the royal commission was the kind of report, and the royal commission was the kind of royal commission, that people would have confidence in, a government with any sense of honour would act upon that report.

Mr. Fleming (Eglinton): What Mr. St. Laurent said was that you could trust the legislators of Canada.

Mr. Pickersgill: In that Mr. St. Laurent was wrong, unfortunately.

Mr. Walker: How blind are they who will not see.

Mr. Pearson: The wicked flee and no man pursueth.

Mr. Carter: Mr. Chairman, I would like to take a few minutes to reply to some of the statements made by the government members from Newfoundland last night. The hon. member for St. John's East said that this was a good bill.

Mr. McGrath: That is right.

Mr. Carter: The hon. member says that is right. I ask hon. members, how can a bill be good if it creates division? How can it be a good bill if it creates bitterness and resentment and a sense of injustice in the hearts of nearly half a million people, sentiments which will last perhaps for a generation? How can a bill be good that does these things?

Mr. McGrath: Why is there a division?

Mr. Carter: What is the compulsion for taking away a right, a constitutional right, contained in the terms of our union? How can a bill be good that destroys a constitutional right? What compulsion was there upon the government to impose a final and irrevocable settlement under term 29, as this bill does? The Minister of Finance laid stress this afternoon upon what the bill contains, and as usual he tried to make up with sound and fury what he lacked in argument. Judging from the noise and vehemence which he exhibited this afternoon we can conclude that he was conscious of the fact that his argument was very, very weak indeed.

The Minister of Finance and hon. members on the government side have based their arguments solely upon what the bill contains. They say that all that matters is money. They ask, "As long as you get your money, what does it matter whether you get it under term 29 or whether you get it under some of the other grants?" They say to us, "We have been so generous in the past two years and we are going to be so much more generous in the future that you will never need to make any claims under term 29 anyway." That weakens their argument still further, because if they are going to make term 29 inoperative through their generosity, what need is there to extinguish it from the constitution?

The Minister of Finance and the Minister without Portfolio have said that it makes no difference as long as we get the money. Well, it makes a great deal of difference whether we get the money as a mater of constitutional right or whether we get it by the grace and favour of the government that happens to be in power at the time. The minister over and over again has emphasized the point that Newfoundland is going to get half the total amount immediately, and he has emphasized that fact to create the impression that this is a wonderful favour they are doing Newfoundland. No one word has been uttered by the Minister of Finance or the Minister without Portfolio about the fact that part of this money is a year overdue and the rest of it is two years overdue. The words "at once" are being used as though they are really putting themselves out to help Newfoundland.

Mr. Fleming (Eglinton): No, it was not put forward with that implication, I can assure my hon. friend. It expressed surprise at the opposition to the bill.

Mr. Carter: The minister emphasized the words "at once" two or three times. What point was there in using these words and emphasizing them if it was not just to create the impression that here is something they are doing as a special favour?

Mr. Fleming (Eglinton): No. The point is, you are holding it up and Newfoundland needs it.

Mr. Carter: I am going to hold it up a few minutes more and inform the public that this money should have been paid long ago; the government is already one year and in some cases two years late in meeting its obligation. We are not interested only in what the bill contains. We are interested in what the bill does and what it neglects to do. Money is not the only issue involved.

The main issue in this debate is the question of a constitutional right. I am prepared to admit that the legal obligation of the government is vague, but there is no doubt about the moral obligation; because even if there were no legal contract at all the fact remains that Newfoundland came into confederation only because she understood that she had a safeguard in term 29, a guarantee under that provision that if times go bad, and if the worst came to the worst, her level of public services would never be permitted to fall below the level they had reached in 1957.

I ask the Minister without Portfolio and the hon. member for St. John's East this question in all sincerity. Can they conscientiously state in this house that Newfoundland would have agreed to enter confederation had it been known that the rights under term 29 would be extinguished in 1962? I am willing to yield the floor to either or both those hon. members if they are ready to get up and state that they honestly believe that.

Mr. Browne (St. John's West): What were the rights under term 29? Mr. St. Laurent said the obligation there was to appoint a royal commission to make an investigation.

Mr. Pearson: That was not the only obligation.

Mr. Browne (St. John's West): That is the only reference I can find in all the debates and discussions that took place. Not only that, but Mr. J. Harvey Perry, a great friend of the premier of Newfoundland, has written two books since 1949, and he had a chapter in each of them dealing with the terms of union. He never even mentioned term 29, though he is the financial adviser to the Newfoundland government.

Mr. Carter: I just asked for a simple answer, yes or no.

An hon. Member: You got it.

Mr. Carter: The minister did not give a simple answer.

Mr. Browne (St. John's West): You did not ask a simple question.

Mr. Carter: I asked the minister whether he conscientiously believed that Newfoundland would have entered into union with Canada had the officials and everyone concerned with the negotiation of the terms of union not believed that the people of Newfoundland had a guarantee under term 29 that the level of public services would not be permitted to fall below the level of 1957. That is what they thought they were getting, and that is the reason they came into federation. And I asked

the minister if he really thinks they would have come into federation had that not been the understanding.

Mr. Browne (St. John's West): But the fact is that the standard of public services in Newfoundland today is well above what it was in 1957—

Mr. Carter: That doesn't cut any ice. Answer the question straight; say yes or no.

Mr. Browne (St. John's West): You took about five minutes to ask the question. It is not a simple question.

Mr. Carter: It is easy to say yes or no if you honestly believe a thing—

Mr. McGrath: The question was put to me, also, and may I say that it is the type of question to which one cannot answer yes or no, and the hon. member for Burin-Burgeo knows that perfectly well. The hon. member is also fully aware of the fact that in 1949, when these terms should have been properly discussed, the legislature was not constituted. The question of legislation could not be studied and dealt with in the proper manner under those circumstances.

Mr. Carter: The hon. member knows that the people who agreed to the terms of union agreed to it on that basis.

Mr. McGrath: What experience did they have, those people who negotiated this article in these terms and accepted the nebulous terms of article 29?

Mr. Carter: It does not matter what experience they had; it is what understanding they had. I should like to read what the Minister without Portfolio said on March 9, 1950, as reported on page 624 of *Hansard:*

> The terms of union contain a provision, section 29, which I should like to draw to the attention of the Secretary of State for External Affairs (Mr. Pearson), who had something to do with drafting them.

And then he went on to quote term 29, as follows:

> 29. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the government of Canada will appoint a royal commission within eight years from the date of union to review the financial position of the province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the government of the province Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

Then the Minister without Portfolio, as he now is, went on to say:

> [Mr. Carter.]
>
> I consider that the presence of this section in the terms of union is evidence of the good will of the government of Canada, and shows a recognition of the problem that has now come to the forefront.

So the minister himself recognized that term 29 had some significance in the act of union, that it was some sort of a guarantee.

Mr. Lennard: Oh.

Mr. Carter: You can laugh. I know this is a funny business for some of you people. The performance that we witnessed here last night is very great evidence of the seriousness that hon. gentlemen opposite attach to this matter.

Mr. McGrath: Mr. Chairman, if the hon. member will read *Hansard* he will find what we were laughing at last night.

Mr. Carter: This is not a laughing matter for us nor for the people of Newfoundland. Term 29 was put in because it was impossible at that time to draw up with any accuracy the financial terms of union. Last night the Minister without Portfolio from Newfoundland referred to the transitional grants and asked the following question as reported at page 6004 of *Hansard:*

> It must be remembered that these transitional grants were on a declining scale. Nobody on the other side of the chamber has yet asked this question: why is it that those transitional grants were on a declining scale?

That is a simple question. The transitional grants were worked out by federal experts. That was their appraisal of the situation. It was only a guess and could be nothing else. They contained errors as large as 300 per cent. It was to correct these large errors and to tidy up the thing in the light of experience that term 29 was inserted so that whatever injustice might have been experienced under the transitional grants would be corrected under term 29. Therefore, even if there is no legal obligation on the government to implement the recommendations of the royal commission, surely there is a moral obligation upon it to carry out the agreement under which Newfoundland became a part of Canada.

These transitional grants and these financial arrangements were so unsatisfactory at the time that one of the members, Mr. Chesley Crosbie, refused to sign because he said they were inadequate and unsatisfactory. They were not satisfactory to him or to the other members, but the other people signed this document making Newfoundland a part of Canada because they honestly believed that term 29 would take care of any errors or inadequacies contained in these grants.

Before I leave this subject I want to make one more point concerning a remark made by

the Minister without Portfolio last evening. I am quoting now from the same paragraph to which I referred earlier, a little further down the page. The minister said:

> I refer to the grant of $6.5 million of 1949-50. Do they know how much that grant had declined by 1956-57? Can they tell me? Let me tell them that it had declined to $2,250,000. That is all that Newfoundland was receiving in 1956-57, namely $2.25 million.

He tried to use that argument to prove that Newfoundland was getting along very well on that reduced grant. What he neglected to tell us was that to make up for the decline in these transitional grants Newfoundland had to borrow against the $10 million of her surplus on deposit with the federal government.

Mr. McCleave: That was the Liberal government's fault, was it not?

Mr. Carter: Yes, but the hon. gentleman told only part of the truth and created a wrong impression which I want to correct at this time. The hon. member for Timmins said that he was confused—

Mr. McCleave: Oh, he is always confused.

Mr. Carter: —and it is small wonder that he is. I will tell hon. gentlemen opposite that the people of Canada are confused on this issue and the blame rests with the Minister of Finance and his colleagues in the government who have been endeavouring to confuse this issue. They have raised the question of perpetuity and their propaganda machine and press agents have gone about attempting to create in the minds of the people of Canada the impression that we Newfoundlanders in this chamber are demanding that the federal government pay $8 million or some other amount in perpetuity. Nothing could be further from the truth. We have never asked for that at any time and term 29 does not require it.

All that term 29 says is that these grants would be paid if it should happen that Newfoundland could not continue her services at the 1957 level without resorting to a heavier burden of taxation than that of the maritime provinces generally. If the government is going to be as generous as it says it will be and as I hope it will be then perhaps Newfoundland will be able to continue her services without having a taxation burden heavier than that of the maritime provinces. If Newfoundland prospers, as we hope she will, and if her resources are developed, her own revenues will enable her to take care of her public services at that level without resorting to taxation more burdensome than what obtains in the maritime provinces.

As long as these conditions continue Newfoundland will have no claim for payments under term 29. Nobody has ever pretended that she did have. Term 29 comes into effect only when and if it should happen that sometime in the future Newfoundland should unfortunately find herself unable to continue her services at the 1957 level without imposing heavy burdens of taxation. This business of trying to create the impression that we are asking for grants to be paid year after year in perpetuity is absolute nonsense and completely misleading. I hope the propaganda machine of the government will correct the confusion that has gone out and spread among the Canadian people.

The Minister without Portfolio last night made the statement that the Liberal members from Newfoundland wanted to return to the 1957 levels. I ask the minister the following question as reported at page 6014:

> The Minister without Portfolio asked, did we want to go back to the levels of 1957? Who said anything about going back to the levels of 1957?

A that point the minister interjected:

> You did.

The minister is now in his seat and I invite him to rise and read from *Hansard* the passage where I or any other hon. member said we wanted to go back to the 1957 levels.

Mr. Browne (St. John's West): You just said it now.

Mr. Pickersgill: Not at all.

Mr. Fraser: He does not know what he wants.

Mr. Carter: The Minister without Portfolio is a Rhodes scholar. I do not know how anyone could be a Rhodes scholar and yet be so stupid as not to be able to understand that simple statement.

Some hon. Members: Withdraw.

The Acting Chairman (Mr. Morton): I ask the hon. member to moderate his language.

Mr. Carter: Yes, Mr. Chairman. If these jackasses will modify their braying, I will modify my language.

Mr. Fleming (Eglinton): Mr. Chairman, that remark should be withdrawn.

The Acting Chairman (Mr. Morton): I think the hon. member should withdraw that word "jackasses".

Mr. Pickersgill: And substitute "trained seals".

The Acting Chairman (Mr. Morton): Shall clause 2 carry?

Some hon. Members: Carried.

Mr. Pearson: No, Mr. Chairman, clause 2 is not carried.

Mr. Martin (Essex East): This is a terrible thing. What are hon. members reducing parliament to?

Some hon. Members: Oh, oh.

Mr. Pearson: I take it, Mr. Chairman, that we are on clause 2?

The Acting Chairman (Mr. Morton): Yes, clause 2.

Mr. Pearson: The minister a little while ago reproached us for holding up this bill. It is not necessary to rush it through on this basis: clause 1 carried, clause 2 carried, clause 3 carried. If the bill has been delayed, who is responsible for it? Was it a member of the opposition or was it the Prime Minister who on March 25 last as reported at page 2216 of *Hansard* said:

> It is proposed, therefore, to ask parliament to authorize payments as recommended by the royal commission—

Those are the words of the Prime Minister. He then went on to say:

> A resolution will shortly be placed on the order paper asking leave to introduce a bill to carry into effect these provisions pertaining to the terms of union.

That was March 25. When did we start discussing this resolution? Was it shortly after the Prime Minister made this statement? We have been asking for it every week since, and the minister now tries to stop us talking on this important measure because he says we are holding up a bill which the Prime Minister promised on March 25 to bring forward shortly. Perhaps the minister will explain the delay in this matter; but it has now been brought in and we are having a debate and we propose to continue it, Mr. Chairman. We are now on section 2, which is the important operative section of the bill; in fact, the only operative section of the bill. Anything else the minister and his colleagues have been talking about is in the preamble which, of course is not an operative part of the bill at all.

It is very surprising that some of the important things in the preamble, so important to the minister and the government, have not been put in the operative part of the bill, and we shall have something to say about this a little later. But here we have section 2 which says:

> There shall be paid to the province of Newfoundland out of the consolidated revenue fund in respect of the fiscal years set forth in this section, additional grants as follows;

There follow in this section details of the grants for the five years. This particular section, Mr. Chairman, is put in the bill,

according to the preamble, pursuant to the recommendations made by the royal commission. In other words, we are asked to believe that this section carries out the recommendations made by the royal commission. Of course, it does nothing of the sort. It is a rejection of the recommendations of the royal commission; it is a rejection of a most important part of those recommendations. The minister shakes his head. It is not difficult to prove that.

The hon. member for Rosedale spent a lot of time on this argument whether the royal commission's recommendations have to be accepted or rejected. There is no argument about that. The government is perfectly within its rights in rejecting this part of the recommendations of the royal commission, which I submit they do in this particular section. They can do that if they so desire. Quite apart from the moral obligation they may have to carry it out, they have no legal obligation to do so, and they do not do so in this particular section. In other words, it is a deviation from the recommendations in one respect, though the minister challenged us a few moments ago as to whether we would agree to a deviation in any other respect; that is, in respect of the amounts of the recommendations, as to that my hon. friend from Bonavista-Twillingate said he felt that the government would have been discharging the obligation that it had under the royal commission if it accepted the figures in that report. These figures are here but the last particular line of this section says: "fiscal year 1961-62, $8,000,000."

Mr. Chairman, that is no recommendation of any royal commission because the same section of the royal commission recommendation, section (e), on page 40 of their report, does not read "$8,000,000 for the fiscal year 1961-62", it says: "thereafter $8,000,000 per annum". But the way this appears in this particular section does indeed carry out the Prime Minister's wrong and misleading interpretation of these recommendations which he gave—and I have put this on the record already—at Saskatoon, and he has never denied it; he has never even tried to explain this remark which was so misleading. It was carried by the press all over Canada. He said that the recommendation to end in 1962 special payments to Newfoundland under article 29 of the agreement was made by a royal commission. It was made by no royal commission but it is certainly made in this particular bill. Perhaps that is why this section appears in this form. Perhaps it is because of the statement made by the Prime Minister at that time, and which he made in the House of Commons in substantially the same terms on March 25, and which

has already been quoted, and I think fairly, to the Prime Minister. The minister himself added another sentence or two but I think they were on the record earlier as well.

A great effort has been made—and it seems to me to be one of the most meaningless operations that could be performed in the House of Commons—to explain away the meaning of the word "thereafter". I do not propose to spend very much time on that. According to hon. gentlemen opposite "thereafter" has no meaning. It got into the report of the royal commission perhaps by a typist's error. It has no meaning at all; it has no significance because the only alternative to putting in the word "thereafter" was presumably perpetuity. That argument is so fallacious and so absurd and has been so completely dealt with that perhaps we need not waste any more time on it. The idea that the members of a royal commission as experienced, intelligent and qualified as these were, would put that word in without any understanding of its meaning at all is just too nonsensical to labour. The meaning is clear.

In their view it meant after that until a change was made by agreement $8 million a year should be paid to the government of Newfoundland. That constituted a floor, a security for Newfoundland in respect of this matter which was enshrined not only within the royal commission's recommendations but in term 29 because—and this is the core of the argument—there is an obligation in term 29 not merely to appoint a royal commission but there is an obligation on the federal government, on the federal parliament, to pay the amount which is required to ensure that the level of services do not fall below a certain point. That is the obligation.

When the royal commission put in these words "thereafter $8,000,000 a year" they were discharging an obligation to ensure that that amount at least would be allocated to Newfoundland until a change was made by agreement between Newfoundland and the federal government. By the removal of that word and by the removal of that concept they have removed the security that the people of Newfoundland felt they were getting under term 29. Perhaps the government in the future, perhaps parliament in the future will, as a result of a review, make available to Newfoundland far more money than $8 million a year, but there is no assurance. It has been taken out of a constitutional guarantee and it has been turned over to the good will of the federal government.

Perhaps in 1962 the good will of the federal government will be great, and perhaps it will make generous provision for Newfoundland in respect of services. I do not know; but now the government and the people of Newfoundland have to depend on that good will which would be expressed presumably as a result of the review which will be undertaken. There is no incompatibility in the position that we have been taking on this side in regard to this matter, and the idea of a review. The two things are not incompatible. Of course, there can always be a review at any time, a review called by one party or the other. But pending that review and pending any decision made from any review, Newfoundland could, if the terms of the royal commission recommendations had been carried out, always count on this floor to ensure that the obligation of term 29 would be carried out, namely a level for its services.

That concept, that security, that floor, has been completely changed by this particular section of the bill. Mr. Chairman, I need hardly say, after what we have been saying in the committee and in the house, that this section is not, we think, satisfactory in any way, shape or form. In essence it means this. Without any provision for the future, after 1962, the people of Newfoundland are merely being told that big brother will look after them. Trust big brother and everything will be all right and do not worry about term 29. We may want to have another look at this and perhaps even submit an amendment in due course which will, if the government is sincere in its avowed intention of living up to the provisions of term 29 in every respect, alter this clause in such a way as to make that quite clear in its terms.

Mr. Pickersgill: There is just one very brief word I should like to say about this cut-off business. I am wondering whether this is a carryover ten years later of the niggardly attitude taken by the hon. member for Eglinton in the debate on the union. On February 9, 1949, as found at page 409 of *Hansard*, he pressed Mr. Abbott very hard to find out what the net cost to the treasury of taking Newfoundland into confederation was going to be.

Mr. Bigg: What is niggardly about that?

Mr. Fleming (Eglinton): Was that not information that the house was entitled to?

Mr. Pickersgill: It was certainly information that the house was entitled to. I think perhaps it suggests the attitude of mind of the Minister of Finance, coming as he does from the place he does, toward the poorer relations in other parts of Canada. From the outset his idea was that if there was more money expended in a province than was taken in from that province it was apparently a loss to confederation. I am

wondering whether that is why he is trying to cut Newfoundland off with as little as possible.

Mr. Winch: Mr. Chairman, I believe I have listened to almost every speech made in the debate on second reading and in committee, and up till now I have not said a word. I am going to make only two very brief comments because I feel I have a responsibility. I know that we are in committee, Mr. Chairman, but having heard everything that has been said in the past two or three days I want to say that the matter is very confusing. Nevertheless I still feel that Newfoundland has never had it so good as it has since it came into confederation with Canada. It has never had it so good even though its standards of security and income are still the lowest in Canada.

I cannot conceive of any government formed by any party in Canada not carrying on assistance to Newfoundland in order to see that eventually that province at least reaches the average standard of all Canada. Any government would see to that. But had it not been for Newfoundland entering confederation and receiving old age pension and family allowance benefits average income in that province today would be considerably lower than it is. Every province entered confederation under an agreement, and for the life of me I cannot understand the statements made here that Canada is betraying our tenth and wonderful province of Newfoundland. I say that by way of introduction.

We are now in committee dealing with Bill No. C-72 and at the present time are only discussing one clause, not article 29 of the terms of union. We are discussing clause 2 of Bill No. C-72, which is very short and reads as follows:

> There shall be paid to the province of Newfoundland out of the consolidated revenue fund in respect of the fiscal years set forth in this section, additional grants as follows—

Then the grants are set out for the fiscal years running from 1957-58 to 1961-62 and the total of these additional grants is $36,500,000. I cannot understand anyone in the house opposing clause 2. We are not discussing what has happened in the past. We are only discussing clause 2 which says that in addition to everything else Newfoundland shall be granted from 1957-58 through 1961-62 an additional $36,500,000. My position is clear. I support Newfoundland receiving additional grants amounting to $36,500,000 under clause 2.

Mr. Martin (Essex East): Mr. Chairman, I do not rise to make any extended remarks. I have been listening patiently to the various speeches on this matter during the course of the last two days and, if I may say so, I have listened to what the Minister of Finance has said with very great care. Not only have I listened to what he has said but I have read most of what he has said in the house on this matter. I would not want to say I have read everything the hon. gentleman has said because that would be a task away beyond the ability of the most industrious member of the house. I have before me *Hansard* for September 4, 1958, and speaking on this particular problem the Minister of Finance is reported as having said on that occasion, as found on page 4624:

> I have indicated that this is not a matter for one year but one that is going to be of continuing effect in the years to come.

The hon. gentleman has insisted in this discussion that one must give the interpretation to words which the words suggest. Surely there is only one interpretation possible from these words, and I repeat them:

> I have indicated that this is not a matter for one year but one that is going to be of continuing effect in the years to come.

I do not believe that these words, whatever else the hon. gentleman may have said, are open to any other construction than that placed on this whole matter by those who have spoken from this side of the house.

Mr. Fleming (Eglinton): There are only two brief comments I wish to make on the observations made by hon. gentlemen opposite on this clause of the bill. Concerning the final and perhaps somewhat gratuitous comment of the hon. member for Bonavista-Twillingate, I will say that I take some satisfaction from having been the minister who had the honour of introducing the proposal for Atlantic adjustment grants in the house under which Newfoundland will receive $30 million and in addition the benefit of her share of the additional 3 per cent allocated to the provinces out of the yield from the three standard direct taxes under the Federal-Provincial Tax-Sharing Agreements Act. I think that will dispose of the not very pleasant innuendo he tried to leave on the record as a result of his misinterpretation of a question which I asked in 1949.

Concerning the observation just made by the hon. member for Essex East, may I say first that I wondered whether we would go through the full length of this debate without having the benefit of some comment from the hon. member. However, I am afraid he is wrenching the words that I used on the occasion in question quite out of the meaning that they fairly bear. We were asked last year by the hon. member for Bonavista-Twillingate if we would not bring in legislation immediately to pay for one year or two years the amounts proposed by the royal

commission—in other words, on an interim basis. It was in reply to that proposal for interim payments, on the basis of legislation to be immediately introduced, that I pointed out that we were not dealing with one year but were dealing with future relations between Newfoundland and Canada.

What we are doing in this bill, in keeping with that view, is to provide fixed payments fully defined in this present clause of the bill, for the five years that are enumerated in this bill; and beyond that we are proposing the review that is contemplated by the recital which has already been mentioned. There has been no change in the view taken in this case.

Mr. Pearson: Will the minister explain what was meant in the sentence following that which the hon. member for Essex East has just quoted? The sentence quoted was this:

> I have indicated that this is not a matter for one year but one that is going to be of continuing effect in the years to come.

Then the minister went on to say this:

> The royal commission has not set any particular period on the time within which the proposed annual payments of $8 million less transitional grants are to run.

Mr. Fleming (Eglinton): There is no secret about that. The royal commission did not set the particular time. They left it indefinite—

Mr. Pickersgill: Of course.

Mr. Fleming (Eglinton): —as to what was to follow the fiscal year 1960-61. We have proposed to deal with that indefinite feature in a sensible way by the method proposed in this bill of naming the definite amount for the fiscal year 1961-62 and then having a review of the whole matter because that is—for reasons that have already been discussed and repeated—a very good time for a review of this question, in keeping with the large review of dominion-provincial fiscal relations.

Clause agreed to.

On clause 3—*Time of payment.*

Mr. Pickersgill: Earlier I made a brief reference to the effect of the failure of the government to carry out the recommendation or the suggestion which the minister flatteringly said was mine last year but which, in fact, was a solemn resolution adopted unanimously by the assembly of Newfoundland, moved by the premier and seconded by the leader of the opposition who is the leader of the hon. gentleman's party in that province but which I urged the minister here in parliament to carry out.

Mr. McGrath: Mr. Speaker, I should like to make a correction in the observation just made by the hon. gentleman.

Mr. Pickersgill: If the hon. gentleman would like to make a speech, he can do it after I have finished.

Mr. McGrath: I just want to make a correction. There is no constituted leader of the Conservative party. He is house leader.

Mr. Pickersgill: We are having more repudiations. I thought it was understood that Mr. Hollett was the leader of the Conservative party. But apparently Mr. Hollett has displeased the junior member for St. John's in this house. He has therefore been removed from that position and is now only house leader.

An hon. Member: You are wrong again.

Mr. Pickersgill: In any event, I do not know that he has actually been read out of the Conservative party yet, although he has been demoted by the hon. gentleman. He is leader of the opposition in the assembly and he has three followers in the assembly who are still—although I believe some of them are finding it rather hard—nominal members of the hon. gentleman's party. They all voted for that resolution that was moved by the premier and seconded by the leader of the opposition. They voted for it. Why? Because there was an abnormally high level of unemployment in Newfoundland last year which this government so belatedly recognized that we were going to have a very serious winter and recognized that by producing late in October a very inadequate winter works program.

They were urged by the assembly—by a unanimous vote of the assembly—to give Newfoundland what the McNair commission had recommended for the fiscal year 1957-58 and the fiscal year 1958-59. The minister made the lame excuse in this house that, because they were getting the Atlantic provinces grant, which was for an entirely different purpose, they were not entitled to get these payments and parliament was too busy and the government was anxious to end the session and therefore it would not be done. That was what happened. The consequence of the failure to act was a report dated May 31, 1958—a report which was certainly in the hands of the government not later than the very beginning of July, because that is on the record; the dates are all in those debates—and which the government held up from public view until a French translation could be made, although many documents of much more interest to our French speaking citizens are not held up.

There can be no doubt that the government showed a callous indifference last year to this very desperate need there was in Newfoundland of this money. The consequence was that the government of Newfoundland was obliged to borrow from the banks an amount approximately equal to the amount they were entitled to at that time. The last time I heard the figures, the interest which they had had to pay—and may I say, the unnecessary interest—because of the dereliction of its clear duty by the present government was over half a million dollars. That was over a month ago. Of course, this bill makes no provision for that. It does not even make provision for paying the interest on this money since March 31, although the minister in a most extraordinary and unprecedented action printed it in his budget paper as though this act had already been passed and the money had already been voted.

Mr. Fleming (Eglinton): No.

Mr. Pickersgill: Then the Minister of Justice was sent down to Newfoundland and he included it among the payments as though they had been received, as did the Prime Minister in that television performance of his—$13.6 million which has not yet been voted and it is in last year's accounts, perverting those accounts.

Mr. Fleming (Eglinton): That is not true. The hon. member ought to know that. He should not be making these irresponsible statements.

Mr. Pickersgill: I have the floor.

Mr. Fleming (Eglinton): Stick to the truth.

Mr. Pickersgill: The minister can correct me when I am finished.

Mr. Fleming (Eglinton): Stick to the truth.

Mr. Pickersgill: If he will look at *Hansard* where my hon. friend the Leader of the Opposition raised this matter he will find that there is a reference in those accounts to the Newfoundland additional grants act; that the amount of $13.6 million is included as having been paid already, and that we had to have these documents reprinted and corrected by a special order of the house because of the careless way in which the minister administers his department.

I have always felt that if this sort of thing had happened when hon. gentlemen opposite were over here on this side of the chamber we would have debated it for about a week because that was the kind of thing which they particularly gloried in when they were in opposition. Actually, of course, one knows that some clerk in the Department of Finance took the Prime Minister at his word, took the word "shortly" to mean shortly, the word that was used on March 25 and expected this bill to be passed early in April, probably before the budget, and put it in as though it had been done. But the Prime Minister's "shortly" apparently had another meaning. We know what "immediately" means when he uses the word. "Shortly" apparently is longer than "immediately". Actually we received the resolution in the middle of July, having been promised it shortly on March 25. In the meantime a great deal of legislation of much less import had been brought in.

As I say, this caused a very serious financial loss to an extremely poor province. I know that it would be fruitless to suggest that the government should—as it ought to do in equity and as it ought to do morally—assume that interest and repay it to the government of the province of Newfoundland. But knowing the Minister of Finance as I do, I feel that it would be quite useless to make that suggestion. However, I am going to suggest to him that there is one way in which, in some small measure, this loss—this delay, this procrastination—might be made up. That could be done if the minister would change subsection 2 of section 3 to provide that the payments for the year 1959-60 and the subsequent years would be made on July 1 instead of half on July 1 and half on January 1. In view of the budgetary problems existing in Newfoundland, it would be at least a small accommodation to the treasury of the province and would, at any rate, be some small compensation for this loss of money which could very well have been used for works projects last winter which the government of Newfoundland did not have enough money in its treasury to carry out.

The Deputy Chairman: Shall clause 3 carry?

Clause agreed to.

The Deputy Chairman: Shall the preamble carry?

Mr. Pickersgill: Before you call the preamble, Mr. Chairman, I would like to move that a clause be inserted after clause 3. Before I move this amendment I would like to give a word of explanation. Perhaps I should read the clause I am proposing to move, then give a word of explanation, and then, Mr. Chairman, you can put it to the house. This is the proposed clause, and it is in the operative part of the bill:

There shall be held a review of the financial position of the province of Newfoundland before the 31st day of March, 1962, for the purpose of determining what additional financial assistance might still be required after the 31st day of March, 1962,

to enable the government of Newfoundland to continue public services at the levels and standards reached in 1957 without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island; and until such review is completed and the consequent legislation enacted the scale of assistance recommended by the royal commission shall be continued; and the form of any such review shall be agreed upon with the government of the province of Newfoundland.

Mr. Chairman, this expresses precisely the view which the Leader of the Opposition and other hon. members of this party have taken of the proper constitutional obligation which there is upon the government under term 29. It expresses it in very precise language, and it provides that until that review is completed and action taken by this parliament the McNair awards should continue to be paid. It would make it quite possible under the government scheme and under the scheme suggested in the preamble to have this study made before March 31, 1962 so that the legislation could be enacted before that time and replace it at that time.

The Prime Minister told us yesterday—if I am paraphrasing him incorrectly I know he will correct me—that these special circumstances which would be taken into account under the terms of the preamble would include those which were provided for in term 29. So this is something which the Prime Minister said Newfoundland could be assured of anyway, and it seems to me that if this were done this legislation would be in conformity with our constitutional obligation. It also seems to me that if the government were prepared to accept this amendment we could take no further exception to the legislation. I should now like to move the following amendment:

There shall be held a review of the financial position of the province of Newfoundland before the 31st day of March, 1962, for the purpose of determining what additional financial assistance might still be required after the 31st day of March, 1962, to enable the government of Newfoundland to continue public services at the levels and standards reached in 1957 without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick and Prince Edward Island, and until such review is completed and the consequent legislation enacted the scale of assistance recommended by the royal commission shall be continued; and the form of any such review shall be agreed upon with the government of the province of Newfoundland.

Mr. Fleming (Eglinton): Mr. Chairman, I rise on a point of order. I think it is quite clear that this amendment is out of order, and I strongly suspect that the hon. member who introduced it was well aware of that fact when he introduced it. These remarks come strangely from the mouth of an hon. member who has taken the stand which he has taken throughout on this measure and voted against it twice.

It is quite clear that the first part of the amendment is redundant, having regard to the other provisions of the bill, and in the second place it is equally clear that this clause seeks to impose a burden on the crown, a financial burden, which it is not within the right of any private member of this house to introduce.

Therefore, Mr. Chairman, I submit that this amendment is clearly out of order. The hon. member is seeking, on his interpretation of what the royal commission said, to commit the treasury beyond the date fixed in clause two of this bill to these payments of $8 million per annum. That is the whole effect of the second part of this amendment in relation to what is to happen pending any review and the outcome of the review, and no private member of this house, may introduce, of course, such an amendment to legislation. This is a government measure preceded by a royal commission recommendation and no private member can introduce an amendment the effect of which is to impose a charge upon the crown.

Mr. Pickersgill: Mr. Chairman, on the point raised by the minister, of course I considered the point which he has raised and I did feel, as I admit quite freely, that there was some doubt about the point. But it seemed to me that if the government was sincere in its protestation, and intended its study group and its special consideration to mean anything, they would do what has been done invariably in the past in relation to these fiscal matters and make the new legislative provision well before March 31, 1962, in which case there would be no such charge. It seemed to me that the contingency of there being such a charge, if we were to take the protestation of the government at its face value, was so slight that it could hardly be said to constitute a charge.

The Deputy Chairman: In reading the resolution its says that it is expedient to introduce a measure to provide for the payment of additional grants to the province of Newfoundland. The explanatory note on the bill which is in front of all hon. members is as follows:

The purpose of this bill is to authorize the payment of additional annual grants to the province of Newfoundland in accordance with the scale contained in the report of the royal commission on Newfoundland finances that was appointed as required by term 29 of the terms of union of Newfoundland with Canada.

According to Beauchesne, article 406 says:

Amendments are out of order if they are
(a) irrelevant to the bill, or beyond its scope—

As I feel this amendment comes under that category, I therefore rule that this amendment is out of order.

Mr. Pearson: Mr. Chairman, you have ruled this amendment out of order, presumably on the grounds advanced by the Minister of Finance. That being the case, perhaps the government, because of the essential reasonableness of this additional clause, might like to consider adding it to the bill themselves. The government has said that their main objection to the recommendations of the royal commission—

Mr. Fleming (Eglinton): Mr. Chairman, on a point of order, surely the Leader of the Opposition is quite out of order in raising this matter again now. An attempt has been made to introduce an amendment to the bill and introduce something that is not contained in the bill. The amendment has been submitted and you have ruled it out of order. Now the Leader of the Opposition is undertaking to discuss the same matter.

Mr. Martin (Essex East): Not at all.

Mr. Fleming (Eglinton): He is asking the government to do that which is contained in the amendment which you have ruled out of order. With respect, Mr. Chairman, that is clearly outside the confines of debate on this bill, and it is surely not proper to go ahead and proceed now as the Leader of the Opposition is to discuss the matter contained in an amendment which has been ruled by the Chair to be out of order.

Mr. Pearson: On that point, I understand that the amendment was ruled out of order on the grounds advanced by the Minister of Finance, and that the opposition would be out of order in moving an amendment which involves an extra charge on the treasury. But that argument, surely, would not apply to action taken in this regard in respect of this bill by the government itself. All I am doing is to make a suggestion to the government that they do this, and I am trying to explain why it would be reasonable for them to do this.

The Deputy Chairman: I think I ought to say that in ruling this amendment out of order I did not deal with the financial structure of the amendment at all. However, while technically the Leader of the Opposition might be out of order we have allowed quite a wide scope of discussion on the bill, and I think the Chair would like to hear what the Leader of the Oppositon has to say.

[The Deputy Chairman.]

Mr. Pearson: All I was going to say was this. I was going to ask the government if they would consider amending the bill in this way, because they have objected to the terms of the royal commission's report on the ground that they extend indefinitely into the future an obligation to make payments to Newfoundland of $8 million a year.

Mr. Fleming (Eglinton): I do not accept that statement.

Mr. Pearson: The minister might accept it or he might not. He made the argument several times that the interpretation which we placed upon the word "thereafter"—the interpretation which, we think, is the only reasonable way in which it can be interpreted —was not acceptable to the government because it extended payments in perpetuity, as he put it. This would meet that point.

The minister has also said—and the bill mentions it—that there will be a review, when all these special circumstances as far as Newfoundland is concerned will be taken into consideration. We are asking that this should be written into the bill so that it may be made perfectly clear that the situation which will be taken into consideration shall include term 29 which will be spelled out as one of the things to which regard must be paid and whose obligations are accepted.

For these two reasons, perhaps the government will consider amending the bill accordingly, so as to make it acceptable, I am sure, to all members of the house.

On the preamble.

Mr. Pearson: The preamble contains a good many words, as has already been pointed out and there is one paragraph—the second paragraph on page 2, which reads:

Whereas in the course of such a review any special circumstances relating to the financial position of the province of Newfoundland after the 31st day of March, 1962, would be taken into consideration.

I intend to move, seconded by the hon. member for Bonavista-Twillingate (Mr. Pickersgill):

That the preamble be amended by striking out the word "and" in line 9 on page 2 and inserting the following paragraph:

Whereas the form of any such review should be agreed upon with the government of the province of Newfoundland for the purpose of determining what additional financial assistance might still be required to enable the government of Newfoundland to continue public services at the levels and standards reached in 1957 without resorting to taxation, more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the maritime provinces of Nova Scotia, New Brunswick, and Prince Edward Island; and until such review is completed and the consequent legislation enacted the scale of assistance recommended by the royal commission should be continued; and—

Then we go to the next paragraph.

Mr. Fleming (Eglinton): Mr. Chairman, this is just the reintroduction of the amendment which you ruled out of order five minutes ago. The Leader of the Opposition is simply seeking to introduce it now into the preamble of the bill, whereas previously the hon. member for Bonavista-Twillingate sought to introduce it into the operative portion of the bill. I think the same rule which rendered the amendment out of order the first time clearly renders it out of order this time.

Mr. Pickersgill: I think that an entirely different situation arises in respect to the preamble. There is no doubt that had the amendment which I moved been acceptable to the committee, or had the minister been willing to move it and had it become part of the law it would have placed an obligation on the government. But this amendment is drafted in a form which, like the rest of the preamble, is merely an expression of intent which imposes no legal obligation. There cannot, therefore, be any question of there being any charge imposed. Moreover, it merely embodies in express language what the Prime Minister told us yesterday regarding the intention of the government and it seems to me, therefore, that while this amendment would be much less acceptable to us than the amendment first proposed, this amendment would at least give the people of Newfoundland the satisfaction of knowing that what they thought was an iron clad guarantee under term 29 was not being scrapped altogether.

The Deputy Chairman: Once again we have to make a decision, and I should like to refer to May's sixteenth edition, page 564, under the heading "Preamble":

> When all the clauses and schedules have been agreed to and any new clauses or schedules added, the preamble is considered and amendments may be moved thereto if rendered necessary by amendments made to the bill, and the chairman puts the question—

If there are no changes in the clauses, then the preamble is a recitation of the effect, not of the bill but of the act. Therefore, as there were no changes in the clauses, no amendments to the preamble can be accepted. This example deals with an amendment offered on April 11, 1932, to the preamble of the army and air force annual bill to leave out the words "or stir up sedition". The chairman stated that the preamble was a recitation of the effect, not of the bill but of the Army Act. The citation concludes:

> As no amendment had been made to the section of the Army Act dealing with mutiny, etc. the proposed amendment to the preamble, which could only be consequential on such an amendment having been made, was out of order.

Therefore, while I regret very much having to do this twice in succession, I must say in my opinion the amendment is out of order.

Mr. Pearson: Of course, we accept your ruling in this matter, Mr. Chairman, but in discussing the preamble might I express disappointment that in this preamble as it is at present there is no reference of any kind to the fact that the review which is referred to in the preamble should be agreed upon with the government of Newfoundland. There is no assurance, even in the preamble, that in any such review consideration will be given to term 29, and there is no indication, even in the preamble, that pending such a review, and a decision coming from such a review, the scale of assistance to Newfoundland will be that recommended by the royal commission. We regret very much indeed that these assurances are not included even in the preamble and, while not challenging your ruling, Mr. Chairman, we regret that you are unable because of the reasons you have stated to accept an amendment which would have corrected this position.

Mr. Carter: The Minister of Finance referred over and over again to the vague language of term 29. I should like to ask a question about the words "special circumstances". These words are included in the second paragraph of the preamble, but who is to determine these special circumstances, or whether the circumstances are special or not? Will the fact that term 29 has been terminated be regarded as a special circumstance?

Mr. Fleming (Eglinton): A comprehensive study of all dominion-provincial fiscal and financial relations has already been agreed upon and has been launched. As to the question asked by the hon. member for Burin-Burgeo, we are not attempting to put any narrow limits on the words "special circumstances". Anything that any province wants to bring forward for discussion in the context of dominion-provincial fiscal relations will, or can be brought forward in the present comprehensive study which has been approved by all the governments in Canada.

In the case of Newfoundland, no one is suggesting that there is going to be any narrow limitation put upon these words. Anything that the province of Newfoundland thinks is special in its case can certainly be brought forward and fully discussed and considered there. There are some aspects of dominion-provincial fiscal relations that are common to all the provinces. I do not need to recount them. In the case of Newfoundland here is a special provision that takes account of the possibility of special

circumstances and explicitly leaves the door open to Newfoundland to introduce those into the discussions.

I do not need to remind the hon. member that the field of dominion-provincial fiscal relations is an area in which agreement is sought, indeed in which agreement must be sought, and it is our intention to seek agreement. That is why we have inaugurated these comprehensive studies, and well in advance of March 31, 1962. We are seeking to lay the basis for understandings and accords between the dominion and the provincial governments. I think that view has commended itself as a constructive approach to this problem.

If we look back at what has happened on some previous occasions where the federal government, our predecessors, were not able to come to terms with some provincial government or were unwilling to, they stated their terms and asked the house for legislative sanction of them and entered into agreement with the provinces that were prepared to meet those terms and left others to levy their own taxes and carry on their own normal constitutional functions.

Mr. Pearson: Mr. Chairman, the minister has now made it perfectly clear that because of the existence of term 29 which is part of our constitution and part of the act of union; that merely because of that circumstance no special consideration is being given to Newfoundland in this preamble. No special consideration of any kind is being given notwithstanding the existence of term 29. The minister has made it perfectly clear that the special circumstances which might be brought forward apply to any province. Any province in this review may bring forward any special circumstance and no special consideration in this measure dealing with Newfoundland is being given to Newfoundland in that review arising out of term 29. The special circumstances which may be brought forward are those that obviously could be brought forward by any province and would be brought forward whether or not this preamble were incorporated—

Mr. Fleming (Eglinton): That is quite mistaken.

Mr. Pearson: The minister just said that in this review any province can bring forward any circumstance bearing on the problem of dominion-provincial fiscal relations. Of course they can. The minister is now saying that any province may bring forward any problem affecting their circumstances. Of course they can. Newfoundland is in exactly the same position in that respect as any other province, no better and no worse. And therefore the special circumstance arising out of term 29 has no special meaning as far as this preamble or the bill are concerned. That is why we are trying to give it a meaning in the amendment we propose.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): Mr. Chairman, the Leader of the Opposition was never more wrong in his life than in the statement he just made. He was certainly not quoting any words of mine. If he was attempting to restate my submission to the committee in my last remarks he has wrenched my remarks beyond all recognition. What the hon. gentleman has just now said is the very opposite to what I said. In addressing myself to the hon. member for Burin-Burgeo in reply to his question I pointed out that there are some questions that are common to all of the provinces and those are matters that will certainly be reviewed. That is what is in the contemplation of everyone. But in addition to that we point out here in a special paragraph of the preamble that in the case of Newfoundland—and Newfoundland is singled out above all the other provinces in Canada in that respect—if Newfoundland has any special circumstance at all to bring forward in relation to federal-provincial fiscal relations, then Newfoundland may bring that circumstance forward in the course of the review and that is not to be confounded, as the Leader of the Opposition has confused it, with the general review of matters common to all the provinces.

We have here set out in a special paragraph the fact that in the course of the review to which reference has been made any special circumstance relating to Newfoundland after March 31, 1962 would be taken into consideration. The Leader of the Opposition was completely wrong in saying this is just the same thing as every other province has. That kind of submission on the part of the Leader of the Opposition just does not tally with the facts or with the language that the committee is asked to approve in this paragraph.

Mr. Pearson: Mr. Chairman, I regret having to refer to this matter again. The minister has now said that Newfoundland in the course of this review, because of this preamble, can bring forward any special circumstance relating to her financial position. Of course, Newfoundland can do that. It would be an absurd situation indeed in a review of the financial positon of a province vis-à-vis the federal government if that province could not bring forward any special circumstance. Does the minister attempt to argue that if there were a similar review in respect of any other province that that province could not bring forward any special circumstance affecting its position? Does he take that position? If he does not, then Newfoundland is exactly on

the same basis as every other province. Bringing forward special circumstances in the case of Newfoundland might mean bringing forward term 29 whereas in the case of another province it might mean something else.

If the minister wishes to be specific in this matter and show that Newfoundland's special position was being given special consideration, why has he refused to make specific in the preamble term 29 or the obligations of that term, the obligations concerning consulting Newfoundland about the review so that it will be an agreed review, and the obligation on the part of the federal government to continue payments as recommended by the royal commission pending decisions made by that review?

My submission—and the minister has done nothing to weaken it—is that Newfoundland in this preamble is in exactly the same position as any province would be in respect of a review of its relations with the federal government.

Mr. Fleming (Eglinton): Mr. Chairman, that statement of the Leader of the Opposition just is not true. It does not tally with the facts concerning this special consideration in the case of Newfoundland. Surely he must realize that by now.

Mr. Pearson: May I ask the minister this question. If the government agrees there should be a review concerning federal-provincial financial relations between the federal government and the government say, of the province of Nova Scotia, could the province of Nova Scotia not bring forward in that review any special circumstances affecting that province? The answer is obvious.

Mr. Pickersgill: Mr. Chairman, I want to repeat, not quite verbatim, but almost verbatim, the question asked by the Leader of the Opposition. I am going to change it just a little bit, however. The preamble reads:

> Whereas since the report of the royal commission was made the government of Canada has proposed a comprehensive study—

It is a comprehensive study for all the provinces. The minister has told us about this study group many times, on some occasions rather unwillingly. I continue:

> —of dominion-provincial financial relations in co-operation with the provinces, and all the provinces have agreed to participate therein—

And then it says:

> Whereas in the course of such a review—

That is a review for all the provinces: "such a review". It is hard to say any more what plain language means in this chamber when the minister cannot understand what "thereafter" means but surely the minister would agree that "such a review" referred to in the second paragraph is the review referred to in the first paragraph. I ask the minister this question. Do the words "in the course of such a review" refer to the review mentioned in the first paragraph?

Mr. Diefenbaker: Where is "review" referred to in the first paragraph?

Mr. Pickersgill: All right, "study" then; and then in the second paragraph "such a review". Is the Prime Minister getting ready for another quibble two or three years from now? Either "such a review" implies that there would be a review somewhere in the preceding part of the preamble or it implies nothing. I take it that the words "study" and "review" were meant to be the same thing. If they are not and if this review is something else, I should like to be told what it is. Perhaps the minister would like to clear up that point before I proceed?

Mr. Fleming (Eglinton): The review mentioned in line 6 on page 2 of the bill obviously refers to the comprehensive study mentioned in the preceding paragraph.

Mr. Pickersgill: I thank the minister for that. In the course of that comprehensive study, if the government of the province of Prince Edward Island asks to have any special circumstance relating to its financial position considered will the government refuse?

Mr. Fleming (Eglinton): Mr. Chairman, any special circumstance that the hon. member is asking about is hypothetical and not the kind of special circumstances that are in contemplation in the case of Newfoundland in the second paragraph of the preamble on page 2, because here we are thinking of something that is special in Newfoundland. I have made that clear, and we are just going over the ground again and again.

Mr. Pearson: We are not.

Mr. Pickersgill: We have a special definition of "special" now, if we have no definition of "thereafter". "Thereafter" means nothing and "special" does not mean special; it means something special, according to the minister. This is the most absurd situation, as the Leader of the Opposition pointed out. Here we have the minister saying that this is something special for Newfoundland; and yet when I put a plain question to him, if Prince Edward Island wants to bring up its special circumstances, as it has at every federal-provincial conference that I have been at, and I have been at a good many, are they going to be denied that right? If they are not, what are you doing for Newfoundland that is not already done for Prince

Edward Island? You are doing absolutely nothing. This paragraph in its present form is totally meaningless.

Mr. Winch: I think it is time that someone told the hon. member for Bonavista-Twillingate something. Since when did any province in Canada require to have a special consideration?

Mr. Pickersgill: Is that a question?

Mr. Winch: They are provinces of Canada, and under the terms of confederation they are covered. By the terms of confederation and by special acts of parliament, by agreements of parliament, any province that has a special problem will be given consideration. And, Mr. Chairman, a special problem is a special problem of any province. No province under confederation has the right to demand a special special consideration; otherwise, you would break down the entire terms of confederation. If that is to be the basis of the argument, then each province can say that it has a special special consideration. Surely, the meaning of confederation is that the terms on which each province or territory that comes into confederation are laid down. Under the terms at the present time special consideration will be given to special problems of any province of Canada. What more can any province from Newfoundland to British Columbia ask beyond that the special problems of a province will be considered when the time comes to appoint a royal commission or new agreements or arrangements are made? I say once again I am getting a little bit fed up, quite honestly.

An hon. Member: Are you?

Mr. Winch: Yes, with all of this talk. We have our problems in British Columbia. They have problems in Newfoundland; there is absolutely no question about that at all and special consideration will be given to them. I think it has been ignored by some of the members from Newfoundland that when Newfoundland entered into confederation, according to some of their own members, they were from 25 to 80 years behind the rest of Canada; but in 10 years they have increased their per capita income from $472 in 1949—God help them, how they lived I do not know—to $802 in 1958, which is still too far below the rest of Canada, but it has at least doubled in that 10 years; it has gone up 100 per cent since. As I think of the moneys which have been paid in old age pensions, in family allowances, in subsidies and in special grants in the last 10 years, with an additional $36,500,000 in the next five, and when I think that Newfoundland shall have the same right as any other province to special consideration, why it has taken us three days to get this bill through I do not know. No province of Canada, including Newfoundland, wants special special consideration. All it wants is a square deal. In view of the increases and the betterments that have taken place in Newfoundland, if it needs more help I do not know of any government in Canada that will not give them that additional help when the time comes to negotiate a new agreement.

Mr. Pickersgill: Mr. Chairman, I am glad the hon. member agrees with me completely in the point I was making. I certainly thoroughly agree with the last statement he made. I believe that Newfoundland does not want special consideration; it does want a square deal; it does want its constitutional rights, and that is precisely the difference between us and the government. We are asking for the constitutional rights of Newfoundland and the government is giving to Newfoundland "special consideration" which has nothing special about it.

Preamble agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Pickersgill: Now, by leave.

Hon. Donald M. Fleming (Minister of Finance) moved the third reading of the bill.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I move, seconded by the hon. member for Humber-St. George's (Mr. Batten):

That the bill be not now read a third time but that it be referred back to the committee of the whole for the purpose of considering the advisability of adding the words "and for each year thereafter" immediately after the words "fiscal year 1961-62" in line 28 of clause 2.

Mr. Speaker: The question that arises on this amendment is whether it goes beyond the scope of the bill. An amendment on third reading, as has been well settled must, as the bill has been through committee of the whole, be limited to amending the contents of the bill as it has come from committee of the whole and must not introduce new matter. Of course, the relevant words are, "and for each year thereafter immediately after the words 'fiscal year 1961-62' ". Perhaps the hon. member who moved the amendment would like to support the view that it does come within the contents of the bill because I have doubts that it does.

Mr. Pickersgill: Would it be all right if I said a word? I draw Your Honour's attention to the explanatory note which reads as follows:

The purpose of this bill is to authorize the payment of additional annual grants to the province of Newfoundland in accordance with the scale contained in the report of the royal commission on Newfoundland finances that was appointed as required by term 29 of the terms of union of Newfoundland with Canada.

The suggestion for reconsideration made in the amendment is in precise conformity with the scale contained in that report.

Mr. Fleming (Eglinton): Mr. Speaker, I submit that the proposed amendment is clearly out of order. The hon. member for Bonavista-Twillingate has sought to bring the subject matter of the amendment somehow or other within the scope of the bill by saying that the report of the royal commission had something to say about a later year. I cannot agree with him on that, but surely that is the weakest possible kind of argument for trying to make it appear that the subject matter of the amendment comes within the scope of the subject matter of the bill.

The operative and essential clause of the bill, which is the one sought to be amended by the amendment, clause 2, sets out specific amounts for five fiscal years, the last of them being the fiscal year 1961-62. The effect of the amendment, if it were given to the house as proposed here, would be to introduce provision for the payment of $8 million per year virtually in perpetuity thereafter, going into an entirely different period. We have a measure here that deals with fixed payments for a five year period. This amendment is something completely outside the scope of that operative provision of the bill. There are other reasons why the amendment is out of order, but I am sure I do not need to mention them.

Mr. Speaker: May I refer the house to Beauchesne, fourth edition, citation 418, which reads in part as follows:

All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

I would have thought that an amendment to alter some provision of the bill, for example, to reduce the amount of payment for the fiscal year 1961-62, which is the last line of clause 2, would have been in order if the bill were to be referred back for that purpose, but this amendment asks that the bill be referred back to consider the addition of payments for years subsequent to 1961-62, something which is not in the bill at all now and which would add additional provisions which are not contained in the bill. Therefore it is clear to me that the amendment goes beyond the scope of the bill and is not in order at this stage. Is it the pleasure of the house to adopt the motion?

Mr. Pickersgill: On division.

Motion agreed to and bill read the third time and passed on division.

LIVESTOCK

LEGISLATION TO PROVIDE FOR THE HUMANE SLAUGHTER OF FOOD ANIMALS

Hon. D. S. Harkness (Minister of Agriculture) moved the second reading of Bill C-71, to provide for the humane slaughter of food animals.

He said: Mr. Speaker, as hon. members know, the matter of humane slaughter of food animals was the subject of quite exhaustive investigation during this session of parliament by the standing committee on agriculture and colonization. I am sure that all members of the house would wish to join with me in expressing appreciation to that committee and to the organizations and individuals who presented evidence to it.

The committee, in its report tabled on June 16th, recommended that parliament require the humane slaughter of meat animals in plants covered by the jurisdiction of the Meat Inspection Act. This bill gives effect to that recommendation. It will ensure that humane slaughter practices are followed in plants that are within the jurisdiction of parliament and come under federal meat inspection. These account for some 80 per cent of the total slaughter of meat animals.

The committee had recommended that this objective be achieved through an amendment to the Meat Inspection Act. On reflection, it was considered preferable to provide for it by a separate statute rather than as an amendment to the Meat Inspection Act. Hon. members will note, however, that the bill is tied closely to the Meat Inspection Act. It requires meat slaughtering establishments registered under that act to conform with the requirements of the regulations under this act. The act will be administered by officers now engaged in the administration of the Meat Inspection Act, and the bill clothes inspectors with the same powers as they possess under the Meat Inspection Act.

The committee report recommended that certain practices in association with the slaughter of meat animals be considered to be inhumane, and that certain other practices be considered to be humane. It will be noted that the bill does not list acceptable or unacceptable practices specifically, but provides for them to be established by regulation. This will permit the approval of slaughter methods and devices which have now

been determined to be humane and will provide the necessary flexibility to recognize others which may subsequently be developed.

The committee recommended that the operation of the proposed law be postponed for a reasonable time to enable all persons affected by it to take the necessary steps to comply with the law when it becomes effective. This will be dealt with by regulation, as the amount of time needed to enable the persons concerned to comply with humane slaughter requirements will vary with different classes of livestock. The packing industry has already adopted the use of mechanical stunners for cattle, as recommended by the committee, and there need be no delay in this respect.

Considerable study and experimentation has gone into the development of humane slaughter methods for hogs and other small livestock, and this has progressed to the point where adequate alternative methods for the humane slaughter of these animals should soon be available. While a reasonable period will have to be provided for the installation of the necessary facilities, I should like to assure the house that the minimum time possible will be allowed. I would certainly envisage that the regulations would be completely in force within a year.

As the house knows, the committee on agriculture and colonization considered whether the objective of humane slaughter should be achieved by way of an amendment to the Criminal Code or by a statute limiting its direct jurisdiction to establishments operating under federal meat inspection. As I noted at the outset, it recommended the latter procedure. The Criminal Code has, of course, for many years contained a provision requiring the humane treatment of animals. This will continue to apply.

There has been lacking, however, any special provision prescribing in detail the practices that may or may not be employed in the slaughter of meat animals. The bill now before the house and the regulations under it will establish those procedures in meat slaughter operations coming within the jurisdiction of parliament.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, the minister's statement was quite comprehensive but I wish that its substance had formed part of the bill. In looking at the measure it seems quite a simple bill but I should like to say that a measure of this kind can have far-reaching and serious effects. In fact, as hon. members know, anything that at any time may touch upon religious beliefs or religious practices is an extremely delicate matter. I should therefore like to ask for the patient and considerate indulgence of the house while I deal with this matter because the bill itself could seriously affect the religious beliefs and practices of an important sector of Canadians.

I should like to say, Mr. Speaker, that certainly the principle of the bill is universally accepted and it is indeed a very laudable bill. But we must be careful that in doing one good thing we do not inadvertently do another thing that might destroy or interfere with other universally accepted principles. In this instance, Mr. Speaker, in legislating on methods for the humane slaughter of food animals, the house should be careful that we do not destroy or invade the freedom of religious practices of Canadians. I suggest that the house should seek a synthesis so that both principles can be preserved. It is to this objective that I want to address myself for a few moments.

Lest anything I might say should be interpreted as meaning that I do not support a measure of this kind, let me say at once—and make it as clear as language will permit—that I support any measure that will ensure humane treatment of animals. I do this not only out of personal conviction, but even more so because of the ethical and religious teachings which we receive from earliest childhood. The theory of kind treatment of animals is as old as the Jewish religion itself. It is first mentioned in the Ten Commandments. In the fourth commandment we are directed not to labour our animals on the Sabbath. It also directs that our animals be treated with the same kindness and the same consideration in that regard as even our own sons and daughters. That is indeed a far-reaching lesson on kindness to animals.

There are many other effective lessons on this point and I should like briefly to mention but a few. I do so, because I feel that the subject matter touching upon religious beliefs and practices is an extremely delicate one, as I said a moment ago. I should like to support that statement by saying that if a method is being used in the slaughter of animals for food purposes for people of the Jewish religion, it is not without careful consideration to kindness to animals.

For example, do hon. members know that no one practising my faith is permitted to sit down to a meal unless he first makes certain that his animals have been watered and fed? It is also forbidden to yoke a strong animal with a weaker one, lest there be suffering by the weaker animal. It is also forbidden to muzzle an ox when he treadeth the corn—and this is almost a verbatim quotation—because the ox should not suffer undue anguish from not being able to partake of the plenty around him. If he is muzzled he is not able to do so.

Another interesting point I should like to make is this. No animal may be slaughtered within the sight of another animal lest it be caused unnecessary anguish. Hunting, for example, is forbidden lest undue suffering be inflicted by wounding; and in order to discourage hunting, no animal killed at the hunt can be consumed by those who observe the tenets of their religion.

I want to make one or two more observations along the same line. It is expressly forbidden to ship over long distances or to keep in market places unweaned calves or kids lest they be deprived of food in that way and therefore suffer unduly. Judging from these humane religious teachings I venture to point out that I could be speaking for the oldest humane society in the world.

It may also be interesting for hon. members to know that according to a standard medieval ethical work—and I now refer to the Book of the Saints—we are told that a man will be called to account before the Judge of judges for any pain he has caused to an animal. But to bring this ancient record of kindness up to date may I say this. It is a fact that the founder of the royal society for the prevention of cruelty to animals was of the Jewish faith. Mr. Lewis Gompertz who was its first honorary secretary and, I believe the first president of the society for the prevention of cruelty to animals in the United States, was also of the same faith.

May I just touch on another point of interest. In the Jewish religion the taking of the life of an animal is not treated lightly. The slaying of animals for food is considered to be a religious rite and is accompanied by a prayer as a sacrifice. The act is performed by a religious functionary who must be a person of approved high moral character, specially trained and possessing a thorough knowledge of the precise rules and regulations to slaughter an animal without pain. He must be steady of hand, qualified by examination, certified and subjected to re-examination at frequent intervals by ecclesiastical authorities who alone can license a person to exercise the calling of slaying animals for food consumption by Jews.

I hope, Mr. Speaker, I have indicated to some degree the high regard which the people of our faith are taught to have for all animals and the particular attention given to animals slaughtered for food purposes. This matter is independently commented upon in an editorial of the Calgary *Herald* of December 26, 1956. I should now like to read this editorial to hon. members. It concerned a dispute in Calgary involving the society for the prevention of cruelty to animals and some threats which were presumed to have been made to institute prosecutions for the slaughter of animals in what was considered to be an inhumane way. The heading of the article is "The S.P.C.A. Corrects a Bad Mistake" and it reads as follows:

> The Calgary society for the prevention of cruelty to animals has reversed the stand taken by its president a few days ago against what he termed the "inhumane" methods of slaughtering cattle under the Jewish kosher rites.
>
> While the details behind its decision to reverse itself are as yet unknown to the public, the society has been well advised in retracting its earlier threat to lay a charge under the Criminal Code of Canada against the Jewish slaughterhouses here.
>
> Making its retraction, it has, we hope, nipped a particularly nasty and prejudiced publicity campaign against a community whose regard for the lives and the proper treatment of animals dates back to a point where it is almost lost in antiquity. Never, in the long history of the world, has any group of civilized people had a finer record of kindness to animals—a principle which forms an integral part of their ancient religious laws—than the Jews.
>
> Any slaughtering of animals for human consumption is bound to be a revolting sight to the majority of people who, happily, have been able to divorce the slab of steak, or other animal foods, on their dinner plates from the actual process of slaughtering. And every method of slaughtering must necessarily involve some pain and suffering to the animal whether it is by a blow on the skull with a heavy sledgehammer, a slaughtering "gun" which fires a steel spike into the animal's brain, or under the age-old Jewish rites. The chief aim, then, must be handling the slaughtering in a way which will cause the least suffering to the animal, and there is in existence even when compared with the so-called modern methods an abundance of medical and other evidence that the Jewish procedure is as humane as any other, and perhaps less open to error or careless and faulty handling. Furthermore, it has long been a recognized fact that for the animal the cruellest part of the slaughtering is from the time it is first driven into the slaughtering house premises where it immediately senses what is in store for it from the smell of blood and other odours unavoidably associated with slaughtering.
>
> The ancient laws of Judaism were expressly designed to avoid unnecessary cruelty to the animals, under the pain of the lash and other severe penalties. And investigations from time to time—the latest having been by a commission of the British House of Lords within the last ten years—have failed to uncover any evidence that the immediate and guaranteed method of completely severing an animal's jugular vein is not an acceptable means of ensuring a quick and merciful death.
>
> By launching such a prejudiced campaign against the Jewish race and religion the SPCA has done a serious disservice to the Jewish people and to its own cause.

Unfortunately, however, Mr. Speaker, in spite of this long record, historic and religious, where we were taught to prevent unkindness or cruelty to animals, which I have just recited and which has just been confirmed by a quite independent non-Jewish authority, I would like to say that there is a sorrowful history revealed behind similar legislation in other countries which has affected the right of Jews to slaughter their

food animals according to their religious ritual. Most hon. members may not be familiar with this type of innocuous-sounding legislation.

During my own lifetime I have had occasion to be saddened by legislation which sprang from and followed from so-called humane slaughtering regulations. I do not in the slightest, Mr. Speaker, impute any such motives to the sponsor of this bill. I attribute to him only the loftiest consideration based purely on the humaneness of the procedure of slaughtering food animals. Unwittingly and unknowingly, however, many of these benevolent activities have in the past covered ulterior and malevolent desires. Humane slaughter legislation has been used as a springboard for devious anti-religious campaigns, and in some countries ritual slaughter has been completely banned. The histories of those countries stand out as a blot on the escutcheon of modern civilization.

I would like to read a paragraph from the Toronto *Globe and Mail* for July 14 last, headed "Humane Killing Religious Threat, Rabbi Warns". The article says:

> Approval of a measure requiring the humane slaughter of livestock in New Jersey could be the first step in depriving Jews of their religious freedom, a Rabbi warned today.
>
> Rabbi Pichas Teitz, leader of the orthodox Jewish community of Elizabeth, made this assertion during a public hearing on a bill directing meat packers to use humane methods in killing livestock.
>
> He said a study of Jewish history shows Jewish sufferings began with approval of humane slaughter laws. He said Adolph Hitler prefaced his killings of Jews in Poland with a humane slaughter act.

I am sure that hon. members can, therefore, readily understand and appreciate the very genuine and deep-rooted concern, and even suspicion, which the 250,000 Jews living in Canada have about legislation of this kind. The Prime Minister (Mr. Diefenbaker) and his government inadvertently and very innocently may be made the victims of people with ulterior motives. I therefore feel it is my duty to call on them to exercise the greatest caution to make certain that if there are any diabolic or unrecognizable objectives which a measure of this kind may be loaded with, they should do nothing that may to the slightest degree invade the religious observances of our Jewish fellow Canadians, and do everything possible to adopt this legislation and also to safeguard their religious rights.

I repeat again, let no one think for a moment that I oppose any measure that outlaws inhumane treatment of animals. What I do say is that in the process of adopting this legislation we should not invade or minimize the freedom of religion in Canada. We should seek that synthesis that will safeguard both and that certainly will solve this problem as it has been solved in the United Kingdom, in Scotland, in Ireland and in a great many other countries, and as it is now being dealt with in the United States itself.

I know that to find that synthesis is the objective of every hon. member of this house, and it is to this that I would now like to speak with respect to the bill itself. I have the fullest confidence that every hon. member who sat on the committee, as well as every hon. member in the house, has all the sympathy in the world and will do everything possible not to invade the religious rights of a large sector of Canadians. We find that the bill is entitled "An Act to Provide for the Humane Slaughter of Food Animals". But sadly enough, nowhere in the bill is humane slaughter of food animals defined. I think it is a mistake not to have in the bill a full and comprehensive definition of what is a humane method of slaughter and what is not a humane method of slaughter. The bill is so simple that to me it forebodes some danger. The most significant clause in the bill is the power that is given to the governor in council. I think parliament should know what is a humane method and what is not a humane method. We should define it and not leave it to the governor in council to decide.

Parliament appointed a committee and the minister referred very clearly to that committee. The committee made recommendations to parliament, and may I point out to the minister that when the Prime Minister introduced this measure for first reading on Friday —and he did this somewhat hastily, because he had to ask the unanimous consent of the house before doing so—he stated, and I quote:

> This matter is one that has received the consideration of a committee, and the bill to be submitted I believe embodies the general recommendations made as a result of the deliberations of that committee.

Peculiarly enough, there is not a single word in the bill to justify that statement by the Prime Minister that the general recommendations of the committee were embodied in the bill. There is not a word. Not a single recommendation of that committee is embodied in this bill. To prove my contention, let me read a section of the report of the committee. I draw the attention of the minister especially to paragraph 7, which reads:

> Your committee, after careful deliberation, submits the following recommendations for incorporation into legislation to provide for the humane slaughter of food animals—

And the recommendations were, as this shows, expected to be incorporated into the legislation, because during its discussions the committee expressed some apprehension as to

whether or not this matter should be left to the governor in council or to officials no matter how able or how knowledgeable they might be, namely to decide for the committee, for parliament and for the country what is and what is not a humane method of slaughter. We expressly said that we wanted parliament to be able to decide that question, and we wanted it in the legislation. But, alas, not a single one of these recommendations is in this bill. For the benefit of any hon. members who are not familar with them, the recommendations were as follows:

(a) That inadequate holding pens and/or unsafe ramps, inclines and floor surfaces over which animals must move in packing plants or slaughterhouses shall be considered inhumane.
(b) That the combination of shackling and hoisting of a food animal before rendering it unconscious shall be considered inhumane;
(c) Humane methods of slaughter shall be deemed to include
(i) shooting,
(ii) schechita (the Hebrew term for slaughter) as practised in compliance with Hebrew religious requirements;
(d) Humane methods of pre-slaughter shall be deemed to include
(i) stunning with a mechanical stunner,
(ii) certain electrical stunning methods,
(iii) the use of anaesthetising agents.

These recommendations are quite clear and we asked that they should be included in this bill so that we might be able to debate this subject adequately. We may now suspect that there may be other definitions made by order in council, and, unfortunately, we will not have an opportunity of debating them. I say, therefore, that I have the feeling that the Prime Minister possibly did not see the report of the committee, or that if he did see the report of the committee he apparently did not see the bill which, as I said, was rushed into the house last Friday for first reading. Being the busy man that he is, he probably took it for granted that the bill would follow the recommendations of the committee and my opinion is confirmed, apparently, by the right hon. gentleman's use of the words "I believe" in the course of his statement. If he had seen the bill the Prime Minister would not have used those words, because he would have been sure. I can readily understand that he might not have seen it because it might well have been handed to him hastily before he presented it for first reading. No criticism can be levelled at the Prime Minister for that, but I do address myself to the minister who is presenting this bill and I point out that the recommendations of the committee contained, as I said, a request that they be included in the legislation.

I hope the Prime Minister was shocked when he saw the contents of this rather controversial bill. Certainly I was shocked and no doubt other members of the committee who were responsible for the wording of the report as to the recommendations being included in the legislation were disappointed when they saw the bill. I would suggest to the minister that he should include in the bill itself what are considered to be humane methods of slaughter of animals for human food. That is the very purpose of this bill, and yet no single word is mentioned about it. If this were done, and if humane methods of slaughter were defined in the bill, it would certainly confirm by an act of parliament the recommendations made by the committee that humane methods of slaughter shall be deemed to include schechita, the Hebrew term for slaughter as practised in compliance with Hebrew religious requirements. If that were in the legislation it would be an attempt to synthesize the two good things we are attempting to do by this enactment, but having omitted to do that we have no such security.

May I call it six o'clock?

Mr. Speaker: Perhaps before I leave the chair I should remind the house that by a special order passed yesterday we shall resume this sitting at 7 p.m.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7 p.m.

Mr. Crestohl: Mr. Speaker, at the adjournment I was attempting to impress on the minister my submission that the bill should clearly contain provisions which set forth what humane slaughter is and what it is not. I mentioned the desirability of achieving a synthesis of two principles, the principle of outlawing inhumane slaughter of animals and the principle of not disturbing religious rights and freedoms in this country. In my submission it would contribute substantially to this desirable synthesis if the bill were to contain language like the following: that nothing in this bill shall be deemed to interfere with the religious rites and practices of anyone in Canada. This wording or language similar to it is contained in the legislation of other countries that were desirous of ensuring that legislation dealing with the humane slaughter of animals would not interfere in the religious rites of anyone. When this bill was before the committee to which it was referred for study I moved such an amendment in the following terms:

That paragraph 6 of the committee's report be amended by adding thereto the words:
"having due regard for the religious practices and observances of all people in Canada".

Mr. Pallett: Mr. Speaker, on a point of order, the hon. gentleman who has the floor is referring to proceedings in a committee and I believe such references should not be made.

The Acting Speaker (Mr. Rea): Were the proceedings tabled in the house?

Some hon. Members: Yes.

Mr. Pallett: I am sorry, Mr. Speaker, I withdraw.

Mr. Crestohl: I am sorry, Mr. Speaker, but I did not understand the point of order or the ruling on it.

The Acting Speaker (Mr. Rea): The hon. member for Peel thought the proceedings of the committee had not been tabled in the house.

Mr. Crestohl: Thank you, Mr. Speaker. The amendment which I have just read was rejected by the government majority in the committee. I cannot understand why an amendment in those terms should have been rejected. Most surely it embodies a principle of which the entire house approves. Instead of leaving any doubt in the minds of the people of Canada that this measure might interfere with the religious rites or practices of anyone or might in any way invade those rights to the slightest degree I believe an amendment of this nature should have been adopted and incorporated in the legislation. Perhaps the minister will explain why such an amendment should not have won unanimous support. It merely states a principle which the house constantly approves. I know that the Prime Minister and members of the government acknowledge the freedom of religion and support and uphold that principle. Why, then, should the majority of the Prime Minister's party in the committee have rejected an amendment like that? I trust that the minister will explain because I feel that an explanation is owing.

In a further attempt to build up the synthesis about which I was speaking I introduced another amendment in the committee which I should now like to place on the record. I moved:

That the report be amended by adding thereto the following paragraph to be known as paragraph 8:

Your committee also notes that food animals killed in accordance with Hebrew religious requirements must not first be maimed or rendered unconscious by stunning or other means. We, therefore, further recommend that, before legislation dealing with this method is promulgated, further study be made of alternate procedures by which the animal can be delivered by humane means for the actual "shechita" cut. To this end your committee recommends that the government consult with leading Canadian packers and abattoirs with a view to the installation and use of casting pens or other procedures approved by government authorities, so as to preserve for the people of the Hebrew and Mohammedan faiths the freedom of their respective religions and practices in Canada.

The purpose of that amendment was merely to ensure that we do not legislate in a way that would actually prevent the carrying out of the method of slaughter that is part of a religious rite. That, too, was rejected by the government majority in the committee which also puzzled me. The amendment simply sought to make certain that there would be no interference in the practice of the religious rites of any group through the fixing of a time limit.

As I examine the bill it appears to me to be designed to accomplish but one thing. It seeks to transfer to the governor in council the authority to declare what is and what is not a humane method of slaughter of animals. That, I believe, is what the committee sought to determine. The committee laboured for weeks, heard evidence, debated the matter in camera at several meetings and finally drew conclusions and reached decisions on the basis of the evidence presented to it. It determined what is and what is not humane slaughter. Are we to say now that the time of the committee was wasted? None of the findings of the committee are incorporated in this piece of legislation. We are removing from parliament the right of determination in this regard and placing it with the governor in council. This to me is the most poignant illustration of government by order in council.

But when parliament is in session, when parliament has appointed a committee to study a problem and the committee has sat and studied the problem and presented a report, the minister, or whoever it was that drafted this bill, is by no stretch of the imagination justified in ignoring that report completely and not bringing its recommendations before parliament. To say that these things will be decided by the governor in council is a derogation of power and authority. It is the business of parliament to decide these things. By the very nature of the bill parliament has not been asked to do that; parliament is deprived of that opportunity.

I presented that second amendment because I hoped that by that amendment the government might call in the abattoirs and the packers in Canada and consult with them. There was an area of a delicate problem there. While in principle we established that the Hebrew method, the Jewish method, of slaughter is humane, we might run into the danger that in the administration and in the regulations that will be laid down that lofty principle, that right which the committee has established, might be frustrated. There was the possibility of that being done.

Let me explain this to the house. While the schechita is declared humane, the committee found that the method by which the abattoir delivered the animals for the schechita cut was not considered humane. That is the section which speaks about shackling and hoisting being considered inhumane. Having outlawed the method of delivering the animal for the ritual cuts and stating legislatively that it is a humane method, and not making it possible really, as I said, could frustrate the intention of the legislation, I introduced that amendment and said: "Let the bill not come into force, let it not be promulgated until after consultation with the abattoirs, and until another more humane method of delivering the animal for the cut has been established". That, too, was rejected.

I say that the bold and the cruel effect of rejecting this amendment is a painful one because although the traditional Jewish method of slaughter may be declared humane, administratively it may be impossible to perform. I therefore respectfully say—and I repeat—that most certainly the measure requires the careful and conscientious consideration of the house. Because there might be frustration in the carrying out of the slaughtering in a way that will invade religious rights, religious freedoms, I urge respectfully on the Prime Minister who is a man, I know, of deep religious principles, who will not permit anything to be done that will invade the religious right of any ethnic group in Canada, since that certainly would be inconsistent with one of the principal principles urged in his bill of rights, to use his good offices to set out in this bill in language that the whole country may see and recognize as a law which safeguards the religious freedom of all people in Canada.

Moreover, Mr. Speaker, it should also be made clear by setting out these recommendations in the bill that this is not a measure which will remove from parliament the right of seeing and debating the real issues instead of delegating them outside of parliament.

The making of Canada's laws is the responsibility of parliament alone. Mr. Speaker, in order to bring before parliament the basic issues in this bill, I want to move an amendment, but I say to the minister at once that if he will declare that appropriate amendments along the lines suggested, or along the lines indicated and recommended by the committee, will be favourably considered by him I will withdraw my amendment. It may even be the wiser course, perhaps, to reconsider the bill altogether. Therefore, I would like to move the following amendment, seconded by the hon. member for Ottawa West (Mr. McIlraith):

That because the bill fails to define humane slaughter or otherwise indicate what are and what are not humane methods of slaughter and because such definition is inherent in the title, purpose, and very nature of the bill, and further because the bill fails to preserve the freedom of certain religious rights and practices now enjoyed by Canadians, that the bill be not now read a second time; but that the motion be amended by deleting the word "now" and adding in its place the words "this day six months hence".

The Acting Speaker (Mr. Rea): Order. In looking over this amendment I find there are really two parts to it. A condition is part of the amendment and, of course, on second reading you cannot add a condition to a bill. However, if the mover was to move that the bill be not now read a second time, and carry on from there the amendment would be acceptable to the Chair.

Mr. Crestohl: Mr. Speaker, perhaps, in order to obtain the best attention on the points I have raised it might be wiser for me to withdraw this amendment, if I can have unanimous permission.

The Acting Speaker (Mr. Rea): It has not been accepted by the Chair. I have not read it. Would the hon. member like to withdraw it?

Mr. Crestohl: I would like to. I certainly will accept the principle of the bill. Perhaps we can discuss this thing further in committee.

Mr. Harkness: Mr. Speaker, on a point of order which is involved here—

Mr. Winch: There is no point of order now; the amendment is withdrawn.

Mr. Harkness: The Speaker had already ruled that the amendment was out of order. Therefore, having ruled that it is out of order, I think that disposes of it. The hon. member has no right to withdraw something which has disappeared.

Mr. D. J. Walker (Rosedale): Mr. Speaker, for two years now we have laboured over the question of humane slaughter. Originally it was the intention to introduce an amendment to the Criminal Code but it was thought that such an amendment would be too harsh under all the circumstances. So the standing committee on agriculture met over a period of six weeks during this session and after ten long meetings brought in a report which was tabled in the house. Before arriving at this report the committee on agriculture, under the able chairmanship of the hon. member for Leeds (Mr. Stanton), heard evidence from all interested parties. Anyone who wanted to say anything was invited to say it. Free scope was given to all. We had three very distinguished members from the Canadian Jewish congress and

we benefited greatly from their evidence. We had representatives from the meat packers' council, the humane society and the society for the prevention of cruelty to animals. We had representatives from the Canadian Federation of Agriculture as well as experts and veterinarians who were authorities on the subject of humane killing.

I am very pleased that we now have before the house Bill No. C-71, an act to provide for the humane slaughter of animals. It is quite true that the bill is enabling legislation so that regulations can be promulgated by the Department of Agriculture, regulations which will be enforced by the inspectors under the Meat Inspection Act, regulations which will be drafted within the recommendations of the committee's report. I might also add, lest anyone feel that there is any usurpation of the powers of parliament, that these regulations must be advertised in the *Canada Gazette* and must be available to the house. If any hon. member should feel, once the regulations are tabled in the house, that they are not within the purview of the report or in any way infringe what he feels to be the rights of any such party, such honourable member can criticize any of the regulations in the house and has ample opportunity to do so either in the debate on the speech from the throne or when the minister's estimates are brought before the house.

The bill is short, simple and very much to the point. I want to thank the hon. member for Cartier (Mr. Crestohl) for agreeing with the principle of the bill which he states is universally accepted. I might point out to hon. members that the bill does exactly what the committee has recommended in paragraph six of its report, which paragraph reads as follows:

> Your committee recommends, after due deliberation, that legislation amending the Meat Inspection Act be introduced to provide for humane handling and slaughter regulations.

That is exactly what the bill purports to do. There is nothing here that cannot be interpreted simply. Clause 4 of the bill states:

> The governor in council may, for the purpose of ensuring humane slaughter of food animals in an establishment, make regulations respecting the manner of, and methods and devices to be employed in, the slaughter of food animals in an establishment.

I should like to point out that the report of the committee, which is very succinct, definite and to the point, is an excellent guide to the Department of Agriculture in drafting regulations. One might say, as I believe the hon. member who last spoke suggested, why should the regulations not be incorporated in the bill itself? That might create a sorry plight, Mr. Speaker, in the event that any of the regulations turned out to be unjust or unworkable. It would then be necessary to wait until the next session of parliament to amend the regulations. After all, the regulations are subject to change from time to time but the one important thing is that they should be in keeping with and within the purview of the recommendations made by the standing committee on agriculture. So Mr. Speaker, I have a great deal of pleasure in supporting Bill No. C-71.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, during the present session I had the opportunity of making a rather prolonged speech on the matter of the humane slaughter of animals and, if my memory is correct, that was the third time I had done so in the past three years. I can assure you, Mr. Speaker, that the C.C.F. group supports the principle of this bill to provide for the humane slaughter of animals. Because we support that in principle it naturally follows that we support Bill No. C-71. But I should like to add that we are somewhat disappointed that the bill is not as definite as we had hoped it might be and also that it only deals with the slaughter of animals which will be sold on an interprovincial or international basis. I presume that is because of the fact that the Minister of Justice (Mr. Fulton) and his department have decided that it is not possible for the federal government to introduce legislation dealing with the slaughter of animals for consumption strictly within a province.

Mr. Harkness: Mr. Speaker, I do not want to interrupt the hon. member but actually this legislation will cover the great proportion of the meat consumed within a particular province, something over 80 per cent.

The Acting Speaker (Mr. Rea): I am sorry but I cannot allow the minister to speak because if he does other than ask a question he will close the debate.

Mr. Harkness: I am sorry. I did not want an incorrect impression to be conveyed by what the hon. member had just said.

Mr. Winch: I appreciate very much the information that has been given although it rather strikes me as not quite understandable that in a province like Alberta or British Columbia over 80 per cent of the animals killed will be covered but will not be consumed within British Columbia or Alberta. However, if the minister says that I must accept it. I am glad he has said that 80 per cent of all animals killed—

Mr. Harkness: I will explain it when I close the debate.

Mr. Winch: That is fine. I only wish we could make it 100 per cent instead of 80 per cent. At the same time, Mr. Speaker, I am sorry that it has not been possible for the minister to bring in something more definite in the legislation as to the methods to be used which the government maintains will bring about the humane slaughter of food animals.

Quite honestly, Mr. Speaker, I think it is rather regrettable that in Canada we should be one of the last of the countries of the world that still—as it has in the past—to some extent uses outdated methods of slaughtering animals for food consumption. In the course of years as an elected member I have been through slaughter-houses in Canada. On the visits I made in order to try to become a better member by understanding how things were done it always disturbed me to see hogs hoisted up by a logging chain, have their throats slit and perhaps not be dead before they went into the boiling vat. I myself have seen a calf hoisted up by one leg by a logging chain, when the logging chain slipped and the calf came down on its head.

Because of those things which I have seen personally on inspections of slaughter-houses and because of other things I have been told by members of the packinghouse union who work in slaughter-houses, I am very grateful that at long last something is going to be done. But in view of the experiences in European countries where for a number of years different methods have been used and conclusions have been arrived at I should like to know why it is not possible to outline in legislation that a humane method of slaughter of animals for food consumption can be done by captive bolt, by the concussion stunner or by anaesthetic.

If they have proved successful in other countries, are they not now acceptable here or has any study been made of their use in view of the fact that in Scandinavian countries in particular these methods have been used for years and, as far as I know, have been declared to be a humane method. I should like to know why they are not named as methods in the act with a proviso that by order in council a different method could be put into effect if something new, different and better were discovered and found applicable.

I must admit that I was very much interested in and somewhat disturbed by the remarks made by the hon. member for Cartier (Mr. Crestohl). There is no one in this house or in this country who will take any action to interfere with anyone's religious beliefs or rituals. The hon. member for Cartier really disturbed me when he made mention of a reported statement of a rabbi from the United States to the effect that the introduction of legislation in the United States or in Canada was the first move toward a dictatorship leading to anti-Semitism.

Mr. Crestohl: Could be.

Mr. Winch: I read the same article. I say, Mr. Speaker, that I regret, with all the respect that I have for him, that the hon. member for Cartier should quote a rabbi from the United States—and a similar statement has been made in Canada—that the introduction of legislation for the humane slaughter of animals is the first attack on Jewish nationals. That is an approach that I hoped never to hear in this House of Commons.

Mr. Crestohl: Could be.

Mr. Winch: I know exactly what the hon. member had in mind. It may be that that was the first approach that was made by Hitler. Therefore, on the basis of the speech made only two days ago, I think it was, we in the United States and Canada should not consider legislation on the humane slaughter of animals because it might be the same approach which was used by Hitler and which led to the unfortunate incidents which happened in that country.

In this country every person's religion is his own. That is one of the great things of our country. Every person's beliefs are his own. But I hope the time will never come when we in this House of Commons are going to be governed in our decisions on the treatment of animals on the basis of whether the introduction of legislation on humane slaughter might mean something that happened under Hitler. We can deal with matters in our own democracy in our own way.

As I said, I was sorry to hear the hon. member for Cartier speak as he did. I thought the hon. member for Cartier had more trust in the Canadian parliament and in the Canadian people than to use that as an argument in opposition to this bill or in asking that some changes be made in it. May I say this, Mr. Speaker, because I always believe in being blunt and honest. This bill is described as an act to provide for the humane slaughter of animals. Being plain and being honest, may I say that I cannot understand any religion or any belief that has in connection with the killing of animals a ritual which is not humane.

The hon. member for Cartier maintained, not only by quoting records but by the fourth commandment which he quoted, that their ritual is humane. If so, they are covered under this act. The act makes it clear, although I am not satisfied as to how far it goes. The fact is that details are not set forth. However, it does make it clear that regulations

shall be established by order in council under certain authority as to methods of killing. Therefore if the hon. member for Cartier is sincere—as I know he is—and if he is correct —and that I do not know because I have never seen a Jewish ritual killing—then he is covered under this bill because it says that under regulation, if it is humane, it shall be allowable.

I think the hon. member for Cartier is covered on that score and is covered on his own statement. But if there are those in our country who have a ritual which says an animal shall not be killed humanely, I have no hesitation in saying that perhaps they should be governed by legislation. But the bill does not cover the hon. member nor his people, in view of what he himself has said.

In principle we support the bill. We have always fought and talked for this bill. It does not go as far as we should like it to go, but it is a start and a start is always welcome. We will without any hesitation support this bill and we look forward to the regulations being introduced as soon as possible so as to enable the industry to comply with humane slaughter. I know, Mr. Speaker, that irrespective of race or religion no regulations will ever be introduced that will in any way interfere with one's religion as long as his religion is humanity to animals as well as to human beings.

Mr. Frank McGee (York-Scarborough): Mr. Speaker, my remarks in support of the principle of this bill will be most brief indeed. I was inclined, as a matter of fact, before you mentioned my constituency to take my seat in favour of the hon. member for York-Humber (Miss Aitken). It is about her and other hon. members in this house and the vast numbers of people across this country that I would like to speak for a moment at this stage in the debate.

There are fewer bills or fewer measures which have come before this house in my experience which have attracted wider comment and interest from among virtually all sections and levels of our society. I have received some thousands of letters through 1957 and 1958, as I know have many other hon. members in this house. As I mentioned, I am going to speak for the hon. member for York-Humber, and also the hon. member for High Park (Mr. Kucherepa), the hon. member for Carleton (Mr. Bell), the hon. member for Vancouver South (Mr. Broome) and of course our friend the hon. member for Rosedale (Mr. Walker), who has just resumed his seat. The amount of work which has gone into research and study in connection with this bill on the part of the hon. members I have just mentioned, and many other hon. members in other parties in the house, is unique in my experience.

Again, I would simply like to add my words to those who are speaking in support of the principle of this bill, and in particular to the many thousands of citizens across this country who have given so freely of their time and efforts to resolve this most difficult situation, the solution to which is most long, long overdue, I would add my congratulations.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the hon. member for Cartier (Mr. Crestohl) has said that we on this side will support the principle of this bill. Because it deals with humane slaughter, I do not see how anyone could oppose such a principle; certainly not myself, who once had the privilege of working in a packinghouse in Chicago, during which I think perhaps I suffered as much as the animals did. The hon. member for Rosedale (Mr. Walker) has said that this bill is succinct, definite and to the point. It is certainly succinct and it is certainly definite. Whether it is to the point or not I am not so sure. He also said it was an excellent guide to the government, but I fail to see where the government in its wisdom in the promulgation of its orders will get very much guidance from it.

What this bill does, of course, is to give the government the authority under legislation to pass orders in council for the purpose of ensuring humane slaughter of food animals in an establishment, and make regulations respecting the manner of and methods and devices to be employed in the slaughter of food animals in an establishment. In other words, for this particular purpose it authorizes government to act by order in council. Some of us on this side, who in days past used to hear such violent talk of government by order in council, are naturally surprised that the government in a matter of this importance should have adopted this course.

The hon. member for Rosedale said, of course, "Well, the orders in council and the regulations will be tabled. The members can talk about them and complain about them in the speech from the throne debate and on the estimates, if they so desire." But that certainly does not meet the point, Mr. Speaker. So this bill provides government by order in council in this matter, and it is all the more surprising because, as the hon. member for Rosedale said, the committee laboured, and I am sure it did labour, for two years in dealing with this subject. That committee did not produce anything which

would justify this kind of limited bill. That committee reported as follows:

—after careful deliberation, submits the following recommendations for incorporation into legislation to provide for the humane slaughter of food animals,—

Not one of those recommendations is incorporated in this bill. So where is the guidance that is to be given to the government in this bill in the promulgation of its regulations? I am at a loss to understand why, if the committee laboured so long and so widely on this matter and produced recommendations, which were adopted, the government did not see fit at least to consider including some of those recommendations in the bill. If they decided that that was not desirable, surely, when parliament is giving the government power by order in council to act in this way to deal with humane slaughter, there should have been a definition of humane slaughter in the bill. The government is being given power by order in council to deal with humane slaughter when humane slaughter is not even defined in the bill.

Therefore, this bill is, we think, inadequate to accomplish the purpose which we all have in mind. While, of course, we support the principle of the bill, when we go into committee we will do our best to add to this bill provisions which will make it far more effective for that purpose than it is certainly at the present time.

Miss Margaret Aitken (York-Humber): Mr. Speaker, I just want to say a word or two on this bill. First of all, I would like to commend the Minister of Justice (Mr. Fulton), the Minister of Agriculture (Mr. Harkness) and the agriculture committee for finding a way of legislating on this very difficult subject of humane slaughter of food animals. Ever since coming to the house, and I consider myself a veteran now, I have concerned myself over this very complicated subject. I have concerned myself first because it was something that I believed in personally, and also because I have had literally hundreds of letters from my constituents asking me to speak for them in the House of Commons on this subject.

The same request was put to the previous government, and I think actually it was my first question in the House of Commons. I asked the then minister of justice if he was going to bring in any legislation on this subject. This criticism by the Leader of the Opposition (Mr. Pearson) rather surprises me. He does not think that the bill spells things out enough, yet the previous government sidestepped it every time it was brought up to them because they said it was impossible to bring in such legislation.

As the hon. member for York-Scarborough (Mr. McGee) has said, when the present government took office a group of us, mostly from Toronto but some from Vancouver, formed ourselves into a self-appointed committee to study the various ways of humane slaughter and bring suggestions before the Minister of Justice. We discovered, as the Minister of Justice (Mr. Fulton) had already discovered, that the drawing up of this legislation is a very difficult process. We discovered that some slaughtering devices did harm to meat, while others are so costly as to be almost prohibitive of purchase by the small packing firms. There were other difficulties. One was to find a practical and forceful way of legislating with regard to small slaughtering houses. As the Minister of Justice has said, it is just not good sense to enact legislation which cannot be enforced or which will not receive general public approval.

By the time I came into parliament, public opinion in connection with this matter was definitely aroused and in this regard I should like to pay tribute to the Toronto humane society and also to the Vancouver humane slaughter association. The Toronto humane society took up this question as early as 1948 and they claimed at that time that their main obstacle was the apathy, indifference and even the hostility of the general public. Due, I think, to the crusade conducted by the society, that apathy has now disappeared; it is a thing of the past. As a people we have a great regard for animals and I know this applied to many of our forefathers in Britain, and I think that when the situation was brought to the attention of Canadians they did feel aroused. A letter from the humane slaughter association of British Columbia pointed out that with the passage of legislation in the United States Canada became one of the very few civilized countries which had failed to provide protection for animals slaughtered for food.

There is wide unanimity that such protection is needed and that legislation of this kind had to be brought in. The problem which faced the Minister of Justice and the Minister of Agriculture was not whether or not to bring in this legislation but how to enforce it and how to prepare it in such a way that it was enforceable. Canadian packinghouses were agreeable to the legislation. In fact, one of them, Canada Packers in Toronto, has already put carbon dioxide equipment into all its plants at a cost of almost $250,000. The packinghouse workers union was also in full agreement, and gave its full support to humane slaughter and, certainly, I feel the general public will welcome this legislation and the enactment of Bill No. C-71.

Mr. J. W. Kucherepa (High Park): I should like to say a few words on this subject. First of all, of course, I support the principle of the bill. I have, perhaps, the rare distinction of having been interested in this problem at two levels of government and in looking over my files during the supper hour I noticed, in an extract from the minutes of the local board of health of the city of Toronto, an entry relating to a meeting on April 2, 1957 as follows:

> On a motion by Alderman Kucherepa the board also decided to recommend to the city council that the federal government authorities be requested to consider the endorsation of the principle of humane slaughter as contained in the report of the special humane slaughter committee and to pass as soon as possible the necessary legislation to implement the principle of humane slaughter.

As the previous speaker has pointed out, the former government found the problem insurmountable. It was unable to come up with any kind of answer. When I came to this house in the twenty-third parliament, on the first occasion I spoke, on November 12, 1957, I referred to this problem of humane slaughter of food animals. I pointed out at that time, as the previous speaker has just done, that Canada was one of the few countries left in the civilized world which had not produced some type of legislation to deal with this matter.

There is, I believe, unanimity of opinion with regard to the necessity of legislating for humane slaughter of food animals, and without going into details at this stage, may I say I think this legislation will be one more of those progressive steps that this parliament has taken, and I believe that in the end it will work out to everybody's satisfaction.

Mr. Hayden Stanton (Leeds): When the Minister of Justice (Mr. Fulton) referred this subject of humane slaughter to the committee on agriculture and colonization he asked me to take all the time that was necessary to procure whatever information and evidence that could be procured concerning the humane slaughter of animals. This the committee did, and the report which has been presented to the house makes it clear that dozens of witnesses were brought in from across Canada to give evidence before the committee.

These witnesses were called and, as the hon. member for Rosedale (Mr. Walker) has stated, as soon as the people of this country were aware of the fact that the subject of humane slaughter had been placed before the agriculture committee hundreds of letters flowed in from organizations, municipal councillors and individuals across Canada from the Atlantic to the Pacific. This illustrates the degree of interest which was taken in the subject.

After listening to the evidence which was presented, it was the considered opinion of the committee that schechita, or the Hebrew method of slaughter, was perfectly humane. Not only that, but it was considered it should come under the jurisdiction of the meat inspection branch and not under the Criminal Code, because members of the committee realized that if it were to come under the Criminal Code it could not be supervised effectively and the act could not be implemented as efficiently as it could if the responsibility were given to the meat inspection branch.

I might add that from the evidence given by the packinghouses and others it appeared that 80 per cent of the slaughtering across Canada would come under the jurisdiction of the meat inspection branch and that the other 20 per cent would come under the Criminal Code. Members of the humane societies are taking the responsibility of seeing to it that as far as possible any slaughtering which does not come under the meat inspection branch will be carried on in as humane a manner as possible.

I believe this bill is one that interests every individual across this country. I also believe the bill will meet the requests of those who have sponsored the cause of more humane slaughter of animals. It is my opinion that had some of the recommendations contained in the report of the committee presented to the house been spelled out specifically in this measure it would not have served a good cause. This bill is something new. We have not had legislation like it before. It may have been that had we spelled out a method of humane slaughter of animals in this measure, six months from now another way would have been discovered that would be far superior and with it spelled out specifically in the bill it would have been necessary to carry on the former way of slaughter until the next session of parliament when the legislation could be amended.

I think perhaps the hon. member for Cartier (Mr. Crestohl) is a little too suspicious. As I sat here this evening and listened to his remarks I concluded that he was taking the same position as had been taken by many hon. members on the opposition side from Newfoundland during the discussion of the bill concerning Newfoundland grants. They were suspicious of the government and it occurred to me that the hon. member for Cartier is also suspicious of the government and the Department of Agriculture. I assure the hon. gentleman that this government has the confidence of the people. I believe it was last Friday that the

Prime Minister (Mr. Diefenbaker) said that the regulations would conform with recommendations of the committee as presented to this house. I can say to the hon. member for Cartier that I am satisfied that those regulations will conform to the recommendations of the committee.

My remarks are few because it has always been my considered opinion that one should not spend 35 minutes building up to what he could have said within the space of five minutes. That has been the way hon. members of this house, especially those on the opposition side, have conducted themselves during this session of parliament in that they have spent many hours of time in needless discussion. A great saving in time could have been made if they had come down to brass tacks and said right off the bat what they intended to say.

This bill will serve a good purpose. It is something for which the people have been asking for many years. This government is to be congratulated for having brought this bill before the house in this session.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I promise the house I will not answer the general remarks of the last speaker about the conduct of the opposition during this session of parliament. I do not know that this subject is germane to the bill now before us but in any event I can assure him a very effective answer could be given on that subject. I do not want the hon. gentleman to assume from my silence that I do not think such an answer could be given.

It has been assumed by hon. members who have been speaking on second reading that the principle of this bill is to provide for the humane slaughter of food animals. The bill is entitled "An Act to Provide for the Humane Slaughter of Food Animals" and the first clause of the bill reads:

> This act may be cited as the Humane Slaughter of Food Animals Act.

It is quite obvious that the purpose of the bill is to provide for the humane slaughter of food animals but it is interesting that when you seek to find the principle of the bill by the ordinary method of reading it you find nothing at all about the humane slaughter of food animals. Clause 1 gives the name of the bill. Clause 2 gives a number of definitions. Clause 3 provides for the prohibition on people exporting meat out of a province or out of Canada unless slaughtered in certain plants. Clause 4 gives arbitrary power to the governor in council to make regulations. Clause 5 deals with some penalties for people who break those regulations. Clause 6 deals with some powers of inspectors. The principle of the measure is not discernible from a reading of the bill. However, I assume that the principle is to provide for the humane slaughter of food animals and on that assumption I welcome and support the bill as I believe do hon. members in all quarters of the house.

The first problem the committee had to deal with was what method of legislating should be adopted. There were two methods possible. One was by further amending the Criminal Code which already contains one clause somewhat related to the subject. The other method was by legislating so as to control the operation within the slaughtering establishments over which the federal parliament has jurisdiction. It has to be borne in mind that ordinarily the slaughtering of animals would be a matter of provincial jurisdiction and the only method by which the federal parliament has jurisdiction is by controlling the establishments in which the slaughtering of animals which go into trade between the provinces or out of the country is carried out.

It was quite clear in the committee that such establishments handle something over 80 per cent of all food animals slaughtered in Canada. There are several reasons why I believe that the appropriate method to adopt was by dealing with this subject outside of the Criminal Code. I do not think I need elaborate on that point and I believe the committee was unanimous on it.

The best method is by controlling these establishments. I believe that we should not interfere with matters which are within the jurisdiction of the provinces. While I regret that it is not possible to provide proper legislation that would cover 100 per cent of the animals slaughtered, I believe the same results will in the end be accomplished by providing legislation governing the methods of slaughter used in the plants under federal regulation. I think the committee's recommendation on that point has been accepted. While it is true that technically we are not legislating by way of amendment to the Meat Inspection Act, certainly this bill is so closely related to it that no one could take objection on that point. It is so integrated with the Meat Inspection Act there could be no objection whatever on that point.

I believe the method of approaching the problem by a means other than amending the Criminal Code is the correct method in all the circumstances and I hope that as time goes on the provinces will bring forward appropriate legislation governing the plants that operate under their jurisdiction.

I am very much concerned with two main points in this legislation. Perhaps, in order

to make myself clear on these two points, I should deal with the committee report which was presented to this house and which appeared in *Votes and Proceedings* of June 16. The first paragraph of the report deals with the reference; the second paragraph deals with the list of witnesses heard and it is indeed a very imposing list. The third paragraph deals merely with the evidence that the committee heard. The fourth paragraph deals with the submissions of suggestions made with respect to the methods of dealing with legislation on this subject. The fifth paragraph of the report notes that federal legislation under the Meat Inspection Act covers government inspected plants which perform approximately 80 per cent of the slaughtering of food animals in Canada. The sixth paragraph recommends this method of legislation on the subject. I want to draw the attention of the house to the seventh paragraph. It goes on to say:

> Your committee, after careful deliberation submits the following recommendations for incorporation into legislation to provide for the humane slaughter of food animals.

Then follows several subparagraphs to that seventh paragraph: (a) dealing with certain conditions in the plants; (b) with certain practices in handling the animals immediate to preslaughter; (c) dealing with certain things that should be considered humane methods of slaughter and included in that, incidentally, is the finding that the schechita, or the Hebrew method of slaughter, is humane. Then (d) deals with humane methods of preslaughter. Paragraph 8 suggests that the operation of the proposed law be postponed to give the persons affected the opportunity to equip themselves to carry out the legislation. I think the minister dealt with this last point in his opening remarks.

The points I wish to make are these. First of all, I regret very much that the bill does not define humane slaughter. We are supposed to be legislating to provide for humane slaughter of food animals, but in the bill we say nothing at all about what humane slaughter is or is not. There are two or three ways of defining humane slaughter. One is by a list including methods of slaughtering that are humane and excluding other methods that are not. There is no declaration or definition in the bill of what constitutes humane slaughter at all and in my judgment that is a defect in the bill. Indeed, on that point, the house is asked to turn over to the governor in council, if the purpose of the act is to be accomplished at all, the right to determine what is humane slaughter.

It is perfectly obvious that there must be regulations to provide what devices shall be used and shall not be used, and certain details

of handling and equipment; but surely parliament ought in the legislation to declare or provide what is humane slaughter. Reference was made by the hon. member for York-Humber (Miss Aitken) to the legislation that was passed by the United States last year. I am very much interested to know that in the second section of that bill this very point is dealt with. In the first section there is a somewhat general reference, something analogous to what we would call a preamble, and the very first matter of substance dealt with is the point as to what is humane and what is not humane, the very thing that this legislation does not do. I am very critical of the government on this point because our legislation is defective in that it fails to do that. Then, there is the other objection to the failure to do that. We are turning over to the governor in council the right to do that, something that surely is the responsibility of parliament and properly belongs to parliament.

Finally, without extending the argument, I was most disappointed to hear my colleague, the hon. member for Rosedale (Mr. Walker), use the argument he did about arbitrary powers by regulation. Surely that is not an answer to the point at all. Surely on matters of principle parliament should be the one to legislate. It is not good enough merely to say that an hon. member can mention the subject at some time in subsequent years in a general debate. That is not a good enough answer. This giving of arbitrary power is a wrong principle; it is quite unnecessary here in this aspect of this legislation and it is not to be defended.

I wish the minister would deal with the point because, so far as I am aware, all other legislation on the subject has dealt with that point. I could be wrong on that. Undoubtedly the minister has studied more extensively the subject than I have but certainly the United States does provide for it in the bill itself, and certainly it ought to be provided for here. I am aware of no practical reason why it is not provided for in this bill and indeed, particularly in view of the fact that the committee which I think I can can say fairly was remarkably objective in its work—I think that is a proper reference to my colleagues of the committee—did try to work out something that would be satisfactory and did definitely recommend for incorporation in the legislation certain matters that involved definition of humane slaughter.

I am a little mystified as to why the minister and the government did not follow the recommendations of the committee. I am rather of the impression that the government as a whole is of the opinion that in this

legislation it followed the recommendations of the committee. I am reinforced in that view by the remark made by the house leader when he was indicating the legislation the other night when he said so in so many words, and by a reference made by the Prime Minister (Mr. Diefenbaker) when the bill was given first reading. I think they indicated quite clearly that the government was of the opinion that the bill did follow the recommendations of the committee. I regret very much that it does not.

The second point I want to make reference to with respect to this bill is that Canadians generally, and I think properly so, have taken pride in the fact that Canadians as a whole have attained and preserved in this country a very high degree of religious freedom. I think all Canadians, and all members of parliament on both sides of the house, hold that view. The slaughter of food animals is a religious ritual with certain religious groups. In this bill now before us we have not put in any provision to protect that principle that I think all hon. members of the house assert. It just is not in the bill but instead the bill as submitted authorizes the governor in council to make regulations which could—and I do not for a minute suggest that the governor in council would do it—and are capable of taking away the religous freedom of religious groups in our country.

That is something that I do not think hon. members wish to do. I am somewhat at a loss to understand why that principle was not protected in the bill submitted to the house. I take the strongest possible objection to the omission from the bill of these two very important matters if the bill is to have any purpose or meaning at all. The first is the failure to define humane slaughter by some method, and there are two or three methods that can be used. The second is the fact that the bill provides in its present form for the governor in council to make regulations which might take away the religious freedom of whole religious groups. There is no protection for them at all in the bill. I do not see why that was done, particularly in view of the finding in the committee report that schechita is humane.

In view of that finding in the report, and I believe the committee was unanimous on the point, it is my view that the government may be stumbling into doing something they did not intend to do by reason of their failure to adopt any definition of humane slaughter. They may have inadvertently stumbled into doing something that I really think they did not intend to do at all in the drafting of this legislation. I should like to ask the minister to consider these two points and to insert into the bill at the committee stage provisions that will cover them because I feel they are very important.

I will give the government credit. I very often hit them hard but I will give them credit for not having improper motives. I think their motives were probably of the very best and that it is a matter of inadvertence in the drafting. There may be some other reason but I am inclined to think that it was a case of inadvertence in the drafting and not appreciating these points. At least I am charitable enough to hope that was the case and to hope that they will be taken care of at the committee stage. If I interpret the principle of the bill correctly, as being to provide for the humane slaughter of food animals, I am certainly in accord with its purpose.

(Translation):

Mr. Augustin Brassard (Lapointe): Mr. Speaker, I shall take two minutes of hon. members' time to say a few words in connection with this bill.

First of all, I must tell you that I know what slaughter means, in my own language, but I was not aware that one could slaughter humanely. I find I think it is a rather interesting title to give this legislation: "A humane way to slaughter animals". Of course, I agree with the principle of the bill if we want to introduce, in our methods of slaughtering animals, some form of euthanasia which would enable them to leave this world without too much suffering. However, what I find harder to agree with, Mr. Speaker, is the means of administering the legislation's aims as conceived by the government when introducing this bill.

I unconditionally support the hon. member for Ottawa West (Mr. McIlraith) when he says that it is unfortunate that the government did not have the intelligence to specify what is meant by the humane slaughter of animals.

We have been accustomed to hearing criticism from the former members of the opposition who, today, are cabinet ministers. We have become accustomed to their habit of including, in the various measures they bring down, quite arbitrary powers conferred upon the ministers. They were very critical of this sort of thing when we were in power, but now that they sit on the government benches, this principle does not seem in the least objectionable to them.

I don't know what methods the Minister of Agriculture (Mr. Harkness) will decide upon in applying this legislation called "an act to provide for the humane slaughter

of food animals" but I warn him of the heavy risk of doing much harm to small slaughter-houses and small industries.

Something which amused me—perhaps I should not say it amused me, because it has been going on since 1857—is that the committee of agriculture and colonization, before which all kinds of experts have appeared, had among its members my colleague, the hon. member for Chicoutimi (Mr. Brassard). Mr. Brassard owns a slaughter-house in Chicoutimi and the thought never occurred to anyone to invite him to give evidence before the committee in order to ask him to express his opinion about this bill. But, after all, he is but a member of parliament. Why should he have been called as a witness?

An hon. Member: He is not a Liberal.

Mr. Brassard (Lapointe): No, he is not a Liberal, but strange as it may seem he is a man with common sense.

Mr. Speaker, another provision which surprises me, is the six months' to a year's imprisonment provided for those who fail to comply with the law. There again, that surprises me enormously. I fully understand that a fine of $500 or $2,000 may be imposed on a man who breaks the regulations, but I hardly understand why a human being should be imprisoned for having broken regulations governing the slaughter of animals.

However, Mr. Speaker, the main point which I should like to emphasize before I resume my seat, is the possibility of harming the small industry in our province. I am not speaking on behalf of the other provinces—I don't know what conditions prevail there—but I would imagine they are largely the same as in our province. I am sure that if the government is not careful in drawing up its regulations—in keeping with its arbitrary way of doing things—it will cause great harm to our small industry. If the Minister of Agriculture has any idea of the regulations he is about to enact, I would ask him to tell me what he thinks about that danger.

(Text):

The Acting Speaker (Mr. Rea): I must advise the house that if the Minister of Agriculture speaks now he will close the debate.

Mr. Pickersgill: Be brief.

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, I think most members of the house will agree—certainly I have never had any other idea in my mind—that the bill is a thoroughly non-partisan measure. As a matter of fact, the speeches which have been made from both sides of the house have indicated agreement with the principle of the bill and with the idea that there should be some legislation respecting humane slaughter. Therefore I think that demonstrates the fact that the bill is not a party matter in any way. It is a government bill because it is the responsibility of the government to deal with matters of this kind. Therefore I was somewhat sorry, shall I say, that the Leader of the Opposition (Mr. Pearson) and other members of the Liberal party should introduce a partisan attitude in connection with the bill and start making accusations that the government was taking arbitrary power, that the government was attempting to rule by order in council under the provisions of the bill, and things of that sort.

As I see the bill, I have always considered it—and I think most other people have done the same—as an entirely non-partisan matter. Certainly there is no idea in any way to take arbitrary powers or to attempt to rule by order in council through this bill. The only criticisms there seem to be over the bill are two in number. One is that the bill should be in a somewhat different form from that in which it is. The Leader of the Opposition, I think it was, said that this is government by order in council and the hon. member for Ottawa West (Mr. McIlraith) said that this was arbitrary power being exercised and so on. As a matter of fact, I think everybody who has ever had anything to do with the matter of providing legislation to deal with humane slaughter recognizes the fact that it is an extremely difficult matter to deal with. I imagine that the reason that the previous government never got around to introducing a bill to deal with this matter was the very fact of the difficulties that it presented, including difficulties of definition, difficulties as to the way in which to do it, and in fact difficulties of all kinds.

We have been attempting to bring in a bill providing for humane slaughter since we first came into power some two years ago. Hon. members will perhaps recall that we introduced a bill in the first session in 1957. When it was introduced it was stated that it was introduced so that it could be studied and so that people concerned with and interested in the matter could make representations as to whether they thought it was a reasonable bill and a proper way in which to deal with the matter. The same bill was reintroduced in the next session which was the session prior to this one. Then all kinds of objections came about it. That bill was in the form of an amendment to the

Criminal Code. It became quite apparent that there was no means at all of getting any sort of agreement on that particular bill or a bill like it. As a result of that discovery we sent this whole matter for study to the committee on agriculture and colonization. That committee studied the matter, as has been indicated, over a long period of time and with great care and they brought in certain recommendations. This bill is intended to carry into effect and it will carry into effect the recommendations of that committee.

The statement has been made many times today that it is not carrying into effect the recommendations of the committee. Everybody in this house knows that every bill dealing with matters that require any sort of detailed regulations have a provision that regulations may be made covering various points or covering the matter dealt with. Every bill has a provision of that sort. This particular bill provides that regulations may be made for the purpose of ensuring humane slaughtering of animals in establishments, regulations respecting the manner of slaughter and the methods and the devices to be employed in slaughtering food animals in establishments. I can assure the house now that the recommendations of the committee in connection with that matter and the opinions expressed in the committee will be followed out in as complete detail as possible in drawing up these regulations and ensuring that the findings of the committee or the opinions expressed by the committee are carried into effect.

The complaint was made by the hon. member for Ottawa West, the hon. member for Cartier (Mr. Crestohl), and I think the Leader of the Opposition (Mr. Pearson), although I am not sure of that, that in this act there is not a definition of humane slaughter. I have never yet seen a satisfactory definition of humane slaughter. Every definition which has been proposed has certainly met with considerable objection. It is a practical impossibility to give a definition of humane slaughter which you can put into legislative form in an act. The only practical way of dealing with that matter is to have a long list spelling out in detail the things which can be done and which are accepted as humane and the things which cannot be done and which are held to be inhumane. Things of that sort are things which can be covered in regulations. Those are things which regulations are meant to cover. They are not the sort of things which should fill up page after page of a bill of this kind. That is the reason why the bill is in this form.

In addition to that, I am given to understand that the committee paid some attention to a sort of model bill or draft bill to deal with this matter; and the type of bill which I believe the committee looked at, which they considered to be satisfactory, is exactly this type of bill. The whole purpose is, as I say, to carry into effect the recommendations of the committee and that is going to be done.

There is only one other point that I think I should mention. The hon. member for Cartier and I think the hon. member—

Mr. McIlraith: Will the minister permit a question before he leaves the subject of the draft bill before the committee?

Mr. Harkness: All right.

Mr. McIlraith: Would he give us some reference showing where that was dealt with? I want to get that point clarified. Would he not agree that no draft bill was dealt with by the committee, that one was submitted when his colleague was dealing with the type of legislation, that is whether by Criminal Code or by the control of slaughtering establishments under federal jurisdiction, and that bill was withdrawn from the consideration of the committee.

Mr. Harkness: I was not in the committee. I do not know exactly what went on in the committee. However, my understanding was that a bill very similar to this one was considered in the committee and that the committee was favourable to a bill of that kind. In any event the only practical type of bill which we found could be introduced is the type of bill that has been introduced.

As I have said, this is a matter on which there have been discussions for years; and up to the present time it has not been possible to find any type of legislation which it was thought would be practical and workable and which would deal with the matter. We think that this type of legislation will meet all those requirements and will ensure that humane slaughtering methods do prevail in this country.

The hon. member for Cartier and the hon. member for Ottawa West raised the question as to whether there might be some infringement of religious rights as far as this bill is concerned. Nothing is further from the minds of the government or anybody on this side of the house or, I would think, anybody in this chamber. I can see no way in which any religious rights will be infringed by this bill. As I have indicated, the regulations which will be drawn up will be in accordance with the recommendations made by the committee on agriculture and

all rights as far as ritual slaughter is concerned will be preserved in accordance with the recommandations made, number 7 of which states:

Humane methods of slaughter shall be deemed to include—

(ii) schechita (the Hebrew term for slaughter) as practised in compliance with Hebrew religious requirements;

As I say, why any question should be raised on this matter is something I do not understand. There is absolutely no reason why any question along that line should be raised on this matter is something I do not is any question whatsoever that anybody's religious rights, liberties or anything else along that line are in danger in any way whatever by this bill.

The hon. member for Vancouver East (Mr. Winch) raised the question really as to how it could be that 80 per cent of the animals slaughtered will be covered by this bill. In any particular province that might not be 80 per cent. It might be more than 80 per cent in one province and in another province it might be less than 80 per cent. But in Canada as a whole at least 80 per cent of the animals slaughtered will be covered by this bill for the reason that all slaughtering establishments which come under the Meat Inspection Act—which takes in establishments which cover over 80 per cent of the animals slaughtered—will be covered by this legislation.

If one of these establishments does not meet the regulations laid down as provided in clause 3, that institution will not be eligible for meat inspection, and so forth, and therefore they will not be able to ship their products out, and will not be able to have them branded and certified for health purposes. As a matter of fact, that would mean they could not carry on operations, because every one of these plants ships meat to various places all over and has to have this meat inspection in order to stay in business. Therefore the only slaughter not covered by this is slaughtering done on farms by farmers themselves, and in small slaughter-houses where they have just a local trade, and things along that line, and some which have a trade over a small area within a province and therefore do not come under the Meat Inspection Act. But practically all institutions of any size whatever come under the Meat Inspection Act and will, therefore, be covered by this act.

The hon. member for Vancouver East also asked a question. He asked why the methods which have been used successfully in European countries cannot be introduced into this act. There is a considerable amount of argument over whether some of the methods used in European countries are humane and should be authorized or not. There was a committee jointly sponsored by the meat packers' council and the Canadian humane society—I am not sure whether it was the Canadian humane society, but it was some society for the prevention of cruelty to animals—which included one of the veterinarians from the Department of Agriculture, and that committee went over to Europe and visited all these various slaughtering plants, examined these devices and so forth, and their report on some of the methods was not too favourable. That is one of the reasons why we thought some of the methods used over there should not be specified.

As a matter of fact, although there are various methods which we do think are thoroughly humane at the present time, there is no doubt that many more will be added later. It may be that some of these might be considered, at some future time, not as humane as some others which develop. Therefore, in order to carry into effect and keep in effect a thoroughly humane system of slaughtering in this country, it is better not to have something bound down too firmly in the act. We can deal with the matter by regulation by which you are allowed a certain amount of flexibility to deal with new methods as they come along.

Mr. Speaker, there is just one other point which I thought perhaps I should mention. The hon. member for Ottawa West mentioned the United States bill. I would just like to point out to him, although I think perhaps he already knows it, that that bill has no comparison with this bill whatever because it deals only with meat purchased by government agencies.

Mr. McIlraith: That is because it is the only jurisdiction they have.

Mr. Harkness: It is not a bill of general application like this at all; it is a bill which deals only with the meat purchased by the government itself, and therefore there is no comparison between it and this bill. The example which the hon. member for Cartier gave with regard to that bill does not enter into it.

Mr. McIlraith: It is dealt with in clause 2.

Mr. Harkness: But for practical purposes it does not enter into it.

Mr. McIlraith: Will the hon. minister permit a question?

Mr Harkness: All right, go ahead.

Mr. McIlraith: Would he not agree that the United States bill dealt with all slaughtering done over which the federal authority

there has jurisdiction, just as our bill here deals with that slaughtering done over which this federal authority has jurisdiction.

Mr. Harkness: I do not know about that. What I do know is that it deals with a very, very small proportion of the slaughtering done in the United States, whereas this bill deals with 80 per cent or more of the slaughtering done in Canada. Therefore the two bills, as I say, do not bear much comparison with one another.

Mr. Speaker, I think they are really all the points which were brought forward, and I would hope that we might go on and get this bill brought into effect without, shall I say, controversy over minor points, rather than the main thing which I think everybody has in mind, and that is to get into effect a practical means of humane slaughter.

Mr. Brassard (Lapointe): I wonder if the minister would permit a question.

The Acting Speaker (Mr. Rea): I am sorry; when the minister spoke he closed the debate, but we are going into committee.

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

On clause 1—*Short title.*

(Translation):

Mr. Ratelle: Mr. Chairman, I would like to know if it would not have been much better to include in the bill a definition of the word "cruelty", because in fact whenever a food animal is bled or slaughtered, some form of cruelty is inflicted. I would therefore like to know, because just about anybody could be doing this and thus lay himself open to prosecution. That, in my view, is why the bill should define what is understood by "cruelty" or "inhumane slaughter".

(Text):

Mr. Herridge: Mr. Chairman, just a word or two; I was delayed on personal business. I am very pleased to see this legislation come before the house because it has been requested by numbers of organizations and individuals throughout the years. I remember bringing it up in 1956 when the then minister of justice insisted that it was a matter which came within provincial jurisdiction. I want to congratulate the humane societies across Canada for their persistence in seeking this legislation before this parliament, and for their representations before the agriculture and colonization committee. I also want to congratulate the committee. I have read their report and I thought it was a very succinct and purposeful report.

I am very pleased at this legislation. I have been interested in this subject throughout the years, and I am sure it will ensure the more humane slaughtering of animals in Canada than at the present time.

Clause agreed to.

On clause 2—*Definitions.*

(Translation):

Mr. Boulanger: Mr. Chairman, this bill refers only to certain species of animals, such as cattle, swine, sheep, goats or horses. I must frankly admit I have not attended every meeting of the committee which dealt with the matter of the humane slaughter of animals; as a matter of fact, perhaps I should say that I was not too interested, because I do not believe that at the present time, animals are slaughtered by such inhumane methods.

I worked four years in slaughter-houses as a meat grader, and I am not prepared to say there was any cruelty in the slaughtering methods.

If it is claimed that such inhumane methods are used in the slaughtering of animals, particularly swine, why are not chickens, as well as dogs and cats, mentioned in the bill?

(Text):

Mr. Harkness: There are not many people who I know of living in this country who make a practice of eating cats and dogs. They are not included because they are not looked upon as food animals.

Mr. Boulanger: I asked the minister about chickens and turkeys.

Mr. Harkness: Chickens come under the category of birds rather than food animals and this bill was meant to deal specifically with the ordinary food animals—cattle, sheep, hogs and so forth, not with poultry.

Mr. McIlraith: Since this clause defines the word "establishment" it gives me the opportunity to say something which has not yet been said so far in this discussion and which, I think, ought to be said. It would be quite wrong to have the impression go out that the practices generally used in these establishments with which we are concerned are inhumane. There was considerable evidence that many of the plants and packing firms had a real concern about the subject and were trying to do everything possible to make their practices humane. I wanted to say that because persons reading this debate might otherwise assume that the committee found inhumane practices virtually universal in the plants. I think the minister would agree it is proper to say that.

Now I want to ask the minister one or two questions. First, in connection with the point I raised on second reading, there are two or three methods of dealing with it but one of them would be to define the term "humane

slaughter" in this clause of the bill. Would the minister not consider including a definition in this clause? Does the hon. gentleman know of any other legislation in any jurisdiction in the western world where humane slaughter is not dealt within the legislation either by way of definition or in a special clause?

Mr. Harkness: Certainly as far as we in Canada are concerned I know of no definition of humane slaughter which is satisfactory to everybody concerned with this matter, and therefore I do not know of any definition which I could introduce into this bill.

Mr. McIlraith: But surely there are two ways of bringing in a definition. There is the exclusive method and there is the other method of determining certain practices which are deemed to be humane and others which are not. This is a non-exclusive definition but it has a great deal of virtue about it because it is a practical method of approaching the problem and accomplishing the purpose desired. I would point out to the minister that all the legislation I have seen on this subject in the western world provides in the enactment something which is a guide to what is considered by the legislative body as being humane slaughter. Having said that, I want to ask the minister why in the absence of anything better he did not use what the committee of which he has spoken so highly specifically recommended to this house.

Mr. Harkness: The committee did not recommend that any definition of humane slaughter should be written into the bill.

Mr. Small: Following on those lines, may I remind the committee that when this bill was first introduced it was placed on the order paper by the Minister of Justice in ample time for the sole purpose of enabling everyone interested in it to make representations and complaints or objections. One of the difficulties encountered by the committee was that the representatives of the humane societies, the packinghouses and others who appeared before us found it very hard to agree on precisely what did constitute humane methods of slaughter. Then we found that some of the larger packing stations did have effective machinery but its high price put it beyond the reach of the smaller concerns. In all the circumstances, we found it was almost impossible to define what humane slaughter is.

Nevertheless, the humane societies have been anxious for this legislation to be enacted, they have been demanding it for a long time and, finally, we have something we believe will be effective. If it is proven to be unsatisfactory, we can correct shortcomings as we go on. I would remind hon. members that this is not a partisan proposition. This is an effort to solve a problem which many people regard as extremely important and, as I say, amendments can always be made to improve the act in the light of experience gained.

Mr. McIlraith: I think the minister has completely missed the point of discussion on humane slaughter. We are not dealing with the question of devices because that obviously has to be handled by regulation. No one is suggesting otherwise, that I know of. The point which has been under consideration is that no guidance whatever on the principle of this bill is given by parliament, and everything is to be determined by the governor in council. That is wholly the wrong way to proceed and, as I have pointed out already, all the legislation I have seen on this subject—including, incidentally, the Criminal Code amendment which was put forward as a proposed amendment to section 387 of the Criminal Code by the government itself, and which was very specific in containing a partial definition—did attempt to make its purpose clear in the legislation itself. I admit that the definition cannot be exclusive, but surely one could be provided. Of course, there must be regulations in the act dealing with devices and so on. But there is this big gap to be filled. The subject of this legislation is mentioned in the name of the act; thereafter it is not dealt with in the legislation, but merely turned over to the governor in council. It is a thoroughly wrong principle and proceeding. The governor in council should be given power only to make regulations for the carrying out of the act, but the act should define what parliament was seeking to do.

Mr. Harkness: In response to these allegations that this is government by order in council I can only say that this bill is really on all fours with the Meat Inspection Act and numerous others dealing with agricultural matters passed by the former government which are very brief acts and which have appended to them a thick volume of regulations. These are complex matters that have to be gone into in great detail and the only practical way of dealing with these questions is by means of regulations.

Mr. Crestohl: Mr. Chairman, I believe we should look at this bill as legislators at this point. We are legislating law. We admit we are legislating a law that is only 80 per cent applicable. I believe most lawyers would agree that as a theory in law that is bad. You cannot legislate for a section,

portion or a certain classification of the community. The law is for everybody. I am somewhat disturbed by the fact that the bill leaves 20 per cent of the people free to slaughter by inhumane methods. They cannot be prosecuted under the terms of this bill for slaughtering inhumanely. I believe that is a bad philosophy and theory.

We can state in the regulations that slaughtering animals by certain inhumane methods is a contravention of the law but it is only a contravention for some and not for others. I would ask the minister to consider the matter carefully in an attempt to find a way of making the law applicable to everybody in Canada. I realize the difficulty and we discussed it in the committee but as lawmakers I believe we are in error when we try to legislate for 80 per cent of the people only.

I was looking at the offences outlined in the bill. It is an odd thing but a man can commit an offence as defined here and will not be prosecuted if the offence is not committed in an establishment as defined in the act. We debated that in committee, too. I urged the minister to attempt to devise legislation in some form that will be applicable to all Canadians.

Mr. Harkness: Mr. Chairman, I can only say that this great principle of law which the hon. member for Cartier has been trying to expound as being highly desirable has been noticeably absent in most of the legislation brought forward by the former government during its 22 years in office, the government of which he was a supporter. This is true of practically all agricultural acts. For example, the Meat Inspection Act to which we have just referred applies only to meat slaughtered in certain establishments taking in about 80 per cent of the total. The labour laws as far as the Canadian government is concerned apply only to those people working on railways, elevators and things of that sort which come under federal jurisdiction. As a matter of fact the Railway Act does not apply to the P.G.E. railway which is entirely within the province of British Columbia. The principle the hon. member is trying to establish applies to very few laws that are passed. The only law I know of to which it really applies is the Criminal Code.

Mr. Caron: I am always surprised to hear the minister refer to the conduct of the former administration as justification for the action taken by his government. I may point out to him that his government was elected to change everything that was done in the last 22 years but his government has not done so yet. There is not even a definition in the bill.

Before I proceed I wish to state I do not believe there is any real danger to the religious beliefs of anyone arising out of the bill as presently framed and we should rest at ease on that point but I feel it should be amended so it would be clearer and satisfy those who have reasonable grounds for suspicion on the subject.

The following paragraphs are taken from the report of the committee which dealt with this bill:

> Humane methods of slaughter shall be deemed to include
> (i) shooting,
> (ii) schechita (the Hebrew term for slaughter) as practised in compliance with Hebrew religious requirements;
> Humane methods of pre-slaughter shall be deemed to include
> (i) stunning with a mechanical stunner,
> (ii) certain electrical stunning methods,
> (iii) the use of anaesthetizing agents.

If this were included in the bill as a definition it would satisfy the fears of the people who are presently concerned about the matter. Both the Jewish and Mohammedan peoples have special methods of killing animals that are somewhat similar. The Mohammedans open the main artery in the throat and consider this to be a very good method of killing animals. The hon. member for Ottawa West asked if it was the intention to introduce an amendment to this effect and the minister did not seem prepared to propose such an amendment. I would therefore move, seconded by the hon. member for Ottawa West:

> That clause 2 be amended by adding thereto another subsection (d) to read as follows:
> Humane methods of slaughter shall be deemed to include:
> (1) shooting
> (2) schechita (the Hebrew term for slaughter) as practised in compliance with Hebrew religious requirements.
> Humane methods of pre-slaughter shall be deemed to include:
> (1) stunning with a mechanical stunner,
> (2) certain electrical stunning methods,
> (3) the use of anaesthetizing agents.

Amendment negatived: yeas, 19; nays, 57.

The Deputy Chairman: I declare the amendment lost.

(Translation):

Mr. Boulanger: Mr. Chairman, I do not know whether I was misunderstood or if I did not explain myself clearly when I mentioned poultry. What puzzles me is that this bill proposes to establish humane slaughtering methods for hogs, cattle, sheep, goats or horses, and does not cover poultry.

I suggest that if particular humane methods are to be employed in slaughtering animals, all of them should be covered.

Moreover, in considering the bill as a whole, we find that it makes no sense, practically speaking, for slaughter-houses in general.

As I said a moment ago, I am a little familiar with slaughtering methods because I have worked in many slaughtering-houses where I was an inspector, and I never felt that animals were being slaughtered inhumanely. Instead of taking up so much time as was done by the committee of agriculture and colonization in considering that question, consideration should have been given to ways of preventing animals from devouring humans.

(Text):

Mr. Harkness: Mr. Chairman, all I can say to that is that the committee which considered this matter did not recommend that poultry should be included because, as I understand it, they felt that the present methods, as far as poultry are concerned, are satisfactory.

Clause agreed to.

On clause 3—*Compliance with regulations prescribing manner of slaughter.*

(Translation):

Mr. Boulanger: Mr. Chairman, section 3 reads:

> No person shall export out of Canada, or send or convey from one province to another, any meat product prepared in an establishment unless
>
> (a) the food animal from which the meat product was derived was slaughtered in the manner prescribed by the regulations—

Of course, Mr. Chairman, we do not know the regulations yet, and I think we are still far from being informed about them, for the good reason that nobody seems to know what they will be like. Reference has been made to new methods of slaughter but none has been suggested. I wonder if small local slaughter-houses, which have a capital of $25,000, $50,000 or $75,000 will be able to pay for the cost of new facilities when the new regulations are enforced. The hon. member for York-Humber (Miss Aitken) mentioned some facilities in Toronto which had cost $250,000. If owners of small packing plants are forced to set up new devices for the slaughtering of animals, I am afraid the cost will be too high and their business will no longer pay.

Mr. Chairman, as we are considering the various sections of the bill, I find that there is no sense to it. I believe the minister should consider putting off the passing of this legislation until the next session, so that we may study and suggest appropriate methods for packing plants including the small local slaughter-houses.

Mr. Flynn: You could have voted against the bill on second reading.

(Text):

Mr. Harkness: Mr. Chairman, I would just like to say that the hon. member for Drummond-Arthabaska has just indicated he is against the legislation. He says it should not be passed; it should be held over. He has recited all the arguments which were made for years as to why it was impossible to bring in a humane slaughter bill. I think the time has passed for that. On second reading he had an opportunity to give the reasons why he was against the general principle of the bill. He did not do it on second reading. I do not think he should go on now to make the various arguments against the principle of the bill.

(Translation):

Mr. Boulanger: Mr. Chairman, I have a feeling that the minister has not understood me. I did say at the beginning of my remarks that I was not opposed to the bill. I am not opposed to the principle of the bill, but to the lack of explanations with regard to the methods that will be applied.

(Text):

Clause agreed to.

On clause 4—*Regulations.*

Mr. McIlraith: I have just one matter here. I think the minister would not want to leave a wrong impression. He said a moment ago the reason that the committee did not deal with the slaughter of poultry was that they found the present methods humane. That is not quite accurate. The reason they did not deal with that subject was that the reference to the committee dealt only with food animals and poultry are not animals; therefore the committee did not deal with the subject at all. I think I am stating that as a fact and I think the minister's remarks should be corrected for the record.

I want to point out as briefly as I can on clause 4 that what parliament is doing here is giving the governor in council power that would enable it to interfere with and take away certain religious freedoms practised in this country. I find that to be a repugnant thing to do. The reason that that can be done under this clause is that the minister has failed to delineate what is humane slaughter, or even to adopt the amendment which did provide that certain religious practices were found to be humane. I am not for a minute suggesting the government would take away religious freedom; far from it. But I am pointing out that this committee is giving the governor in council power

to do that very thing and I am quite sure that that is repugnant to all members on all sides of the house who think about the subject.

Mr. Peters: Mr. Chairman, I should like to point out that on this matter of regulations I am not particularly worried that governor in council will be making them. I am very interested not only in humane slaughtering of animals but in other matters. I think one of the major accomplishments of the committee in the work that it did was in bringing out some of the problems that were connected with packing plants. This was in relation to the fact that platforms are improper, ramps are not suitably built for the animals they are slaughtering. The matter of hoisting received a great deal of attention from the committee and the fact that the shackles being used on animals were probably more inhumane than the most brutal method of killing. They were more inhumane than some of the methods of handling these animals. I would have liked the minister to give more consideration to including some of these other factors as part and parcel of this bill and that would be against all the regulations.

If we leave it to interpretation, as usually happens with regulations, then the full wishes of the committee will not be realized because of the fact that these things will not be spelled out. There are many considerations which would make it difficult for some packing plants to put in the type of equipment required and they involve religious rites and all that sort of thing. From the evidence received from departmental officials I would say that the method of handling was more inhumane in most cases than the methods being used generally throughout the country with regard to slaughter.

Mr. Caron: Mr. Chairman, I really do not like to see this kind of provision so far as the governor in council is concerned. Clause 4 reads:

> The governor in council may, for the purpose of ensuring humane slaughter of food animals in an establishment, make regulations respecting the manner of, and methods and devices to be employed in, the slaughter of food animals in an establishment.

I would rather see a provision like that in the slaughter of animals act of England, 1958, clause 9, where it is provided as follows:

> Any power to make regulations under this act shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either house of parliament.

I think this would really protect the rights of parliament to decide upon the regulations which are to be made. There would be greater control over these regulations and I believe the minister should present an amendment to this effect before we decide about the bill. Everybody is in favour of the bill. Everybody knows that we have to do something about the inhumane slaughtering of animals, but I think that in preparing the bill thought should have been given to the fact that parliament should always be in control of everything that is decided on behalf of the people of this country. I would ask the minister to try to express this in a clearer way so that parliament may have something to say about it.

Mr. Crestohl: Mr. Chairman, the slaughter of animals act of England clearly gives the governor in council the authority to make regulations much as this bill does but the United Kingdom legislation controls the nature of the regulations that can be made. For example, section 1, subsection 2 reads as follows:

> Regulations under this section may make such incidental or consequential provision as may appear to the minister to be necessary or expedient for the purposes of the regulations—

They must be consequential provisions and they must be incidental to the measure itself. Section 1, subsection 1, paragraph (b) reads as follows:

> —by such other means as may, by regulations made by the minister after consultation with such organizations as appear to him to represent the interests concerned—

I simply point out that blanket authority is not given for legislation by order in council. It is an authority that allows these regulations to be made by order in council—

Mr. Harkness: If the hon. member does not mind I should like to point out that the provision gives authority to the minister to go ahead and do these things rather than to the governor in council.

Mr. Crestohl: But it is controlled authority and, as the hon. member for Hull pointed out, it is always subject to annulment. I realize that the House of Commons cannot detail all the regulations as to how large a certain pen should be, how many cattle should be kept in a certain room or as to the incline of a certain ramp. These are details which can be worked out by the officials and put in the form of regulations but regulations which have to do with the very essence of the matter, which say what is a humane method, are the concern of parliament. We have gone over that a number of times already. I think the regulations should be restricted to the matter itself but unfortunately the minister has not given parliament any meat in this bill. Yes, that is a pun on the word "meat". I actually

meant that. The minister has not taken anything into the bill that the committee has recommended after so many weeks of labour. If we had a basis in the bill indicating what humane slaughter is intended to be then we could give authority to make regulations with respect to that which was in the bill but since there is nothing in the bill then any type of legislation can be made, whether or not it is germane to the matter.

Mr. Brassard (Lapointe): Mr. Chairman, toward the end of my remarks on second reading I asked the minister if he would be kind enough to indicate if he thought there was any danger of doing any harm to the small abattoirs or slaughter-houses as a result of regulations made by the governor in council in this connection. I am sure that the minister must know at this time what the main regulations are but if he does not know surely his officials should know something about it. I should like to have an assurance from the minister that these regulations will not endanger small industries.

Mr. Harkness: No, they will not Mr. Chairman. This is one of the things on which the committee heard a good deal of evidence, as I understood the matter. In fact, the only time I was there officials of the farm union and the federation of agriculture were giving evidence on this point. The idea is to draw up regulations which it will be possible for the smaller institutions to meet financially. There are now in existence humane methods of slaughter in the form of a new type of electrical stunner which is quite cheap to install and will probably be satisfactory. It has not received final approval but it probably will be satisfactory. I have no doubt that a type of humane killing which will be within the financial means of the smaller abattoirs will be laid down.

Mr. Peters: Does the minister have in mind giving consideration to the other matters I mentioned to which the committee gave a good deal of consideration?

Mr. Harkness: Certainly, Mr. Chairman. As I have stated several times, all the recommendations of the committee will be given full consideration and as far as possible made effective by means of the regulations which are drawn up.

Clause agreed to.

On clause 5—*Offences.*

Mr. Crestohl: Subclause 2 deals with the nature of evidence. I speak of this matter because it concerns me not only as a member of the house but also as a lawyer. I should like to ask the minister to explain this subclause which states as follows:

> (2) In a prosecution for a violation of this act, it is sufficient proof of the offence to establish that it was committed by an employee or agent of the accused whether or not the employee or agent is identified or has been prosecuted for the offence.

I am concerned with the possibility of prosecuting someone and not identifying the person who committed the offence as being the agent of the man being prosecuted. Anyone can do something which is an offence under the act. It can be a passerby, a trespasser or a stranger who may commit an offence. It is found that an offence has been committed and then you proceed to prosecution. I think it is unfair to say that the man who committed the offence should not necessarily be identified as the agent of the accused. I think it is a fallacy in criminal law or criminal procedure not to be able to identify the man who committed the offence as being the agent of him whom you prosecute. I think that the theory of criminal law would certainly be exploded if that were made possible by any legislation of parliament.

Mr. Harkness: This is the ordinary provision really, that the employer is responsible for the actions of his agent or employee in matters of this kind. You have the same sort of thing in the Seeds Act which we amended here a little while ago. The same question was raised in connection with the Seeds Act. The only difference here is whether or not the employee or agent is identified. That is the only difference here at all. The reason that is so is this, as these animals go along on the rail there may be two or three people at fault and it may be impossible to identify exactly which one was at fault. The fault may be shared among four or five. For example, an animal might not have been sufficiently stunned. The interval between the time it was stunned and the time it was bled and thus finally completely dead might be too long. Who is responsible? It is impossible to determine whether it was the man who did the stunning who was responsible or whether it was the man who was supposed to do the next operation; he let too long go by and so on. You might have a series of three or four things along that line and it is impossible to say that A, B, C or D was the one who was responsible. This provision is to make it possible to prosecute when you have what is definitely a contravention of the act without having to say, "John Jones was the man who was responsible for the contravention".

Mr. Crestohl: I am glad the minister gave us that explanation. But did I understand the

minister to say that in any event you would have to identify the individual as an employee? That would be a point of identification. That is some explanation but certainly not a satisfactory one from the criminal law point of view.

Clause agreed to.

On clause 6—*Inspectors.*

Mr. McIlraith: I just want to draw the attention of the minister to one thing. I invite him to consider further, before dealing with it in the other place, whether or not this clause does what it was intended to do. I take it that what he is seeking to do is to provide the inspectors operating under this act with sufficient power to carry out the provisions of the act and in order to do that is seeking to give them powers which are given inspectors under the Meat Inspection Act. I invite his further technical consideration to the clause in order to see whether it does what he intends it to do and ask that it be looked at.

Mr. Harkness: I should be glad to have it looked at. The fact is, of course, that a large number of these inspectors will be the same men. We are not going to set up a duplicate set of inspectors. The inspectors under the Meat Inspection Act will also be inspectors under this act.

Mr. McIlraith: My point was really technical as to the reading of the clause. It does not seem to give the inspectors the power to carry out their duties under this act.

Mr. Crestohl: Certainly the committee is satisfied—and certainly I have the utmost confidence in the statement of the minister—that the safeguards will be provided for the preservation of religious freedom in the country. But at the same time I think that an assurance of that kind is far safer when it is made the law. Since this is legislation which might in some way, as the discussion has clearly disclosed, interfere with or invade or deprive certain people of rights which they now enjoy, I should like to see incorporated in the bill a clause to read as follows, and I move it as an amendment which is seconded by the hon. member for Ottawa West.

The Chairman: Before the hon. member reads it, may we pass clause 6?

Mr. Crestohl: Certainly.

The Deputy Chairman: Shall clause 6 carry?

Clause agreed to.

The Deputy Chairman: The hon. member for Cartier may continue.

Mr. Crestohl: I shall simply proceed from where I left off. I was about to read the proposed amendment. It reads as follows:

That the act be amended by adding thereto section 7 to read as follows:

"Nothing in this act shall invade or otherwise interfere with any religious rights and practices presently enjoyed by anyone in Canada."

I think that the minister, in taking the generous view that he took and in wanting to assure the country that these rights will be preserved, should accept this amendment. It certainly would give reassurance. The minister is here today. He may be in another office next year or two or three years from now. Yet we will not have the provision in the law. As I said, this amendment clearly safeguards those principles which I said during my address on second reading we do not want to disturb by legislating another worth-while principle.

Mr. Harkness: In connection with this amendment I would just say that one of the difficulties with it is that it is in such general terms. Owing to the fact that there is in the act no definition of religious rights and practices, I would be doubtful that this is good legislation.

Amendment negatived: yeas, 18; nays, 64.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

General Administration—

380. Departmental administration, including fees for membership in the international organizations listed in the details of the estimates, $2,636,084.

Hon. Gordon Churchill (Minister of Trade and Commerce): Mr. Chairman, when we were considering this item on June 25 I agreed to answer those who had spoken when we next were on the estimates, and I think perhaps I might do that right now. We had a useful contribution to the debate on the opening item by hon. members on the other side of the house, and they raised some questions which are worthy of comment.

The Leader of the Opposition dealt chiefly with recent trade developments with the proposed Atlantic free trade community, and he mentioned trade with Japan and discussed the subject of uranium. I pointed out in my earlier remarks that the annual report of the department had been enlarged on this occasion in its earlier part in order to deal somewhat more comprehensively with general

trade policy and trade activities, and some of the problems that were raised have been covered fairly fully in the annual report. But in answer to the Leader of the Opposition I would say that we are following very carefully developments in Europe. We have a clear appreciation of their significance, not only for our exports but for world trade generally. In the sessions of GATT in 1957 and 1958, when I was present at the meetings, we made the point that we hoped the development of the common market in Europe would not be restrictive in its nature and that barriers would not be raised against trade. It is important to recall that the members of the six nations who comprise that common market in Europe are all members of GATT and have obligations under that international arrangement.

The Leader of the Opposition drew attention this year, as he did last year and on other occasions, to the need, as he put it, to work out some special form of North American association with the European economic grouping in order—I think this is what was in his mind—to avoid having the world get into the position where trading blocs are established with barriers raised among them, whereas the policy pursued by Canada over the years has been to promote multilateral trade. That policy is being pursued at the present time and our trade is extensive throughout the world with most countries of the world.

His suggestion, however, is certainly worthy of consideration because the closer are the economic ties between the North American continent and western Europe the better for us all because of our other arrangements with those countries within NATO. When Dr. Hallstein, the president of the European economic commission, was in Ottawa two or three weeks ago the Canadian point of view was presented to him and he showed his appreciation of that point of view, namely that barriers should not be raised against trade between our country and the countries of the common market.

On the subject of Japan, the Leader of the Opposition quite rightly stressed the importance of our trade with that country. It is a trade which has been developing over the years and we share his view completely. In the forum of GATT we have expressed our interest in giving Japan the full arrangements which are available under GATT and have urged that other countries do the same as we are doing. It is important that the economy of Japan be strengthened and we are co-operating closely with Japan toward that end. It is one of the major trading countries of the world today. It is a country with whom we are developing quite a substantial trade, and we find that Japan is either second or third best customer for our Canadian wheat. The difficulties that we have been experiencing with Japan with some of her imports are being cleared away. Very useful discussions have been held with the Japanese looking toward a modification of their exports to this country, particularly in the field of textiles. Those conversations with the Japanese representatives have been, as I say, very useful, and I think results are being achieved.

I cannot deal at as great length as I might with all the matters raised in discussion with hon. members opposite, but I would like to discuss some of the problems raised by the hon. member for Ottawa West who has over the years been very much interested in Canada's trade. He asked several questions with regard to our trade with the West Indies, and of course last year in the house he raised this problem on another occasion when there was a rather extensive debate. The West Indies is an important area for Canadian trade and has been so for generations. We are attempting to maintain and strengthen our trade relations with the West Indies and from the experience I had there just over a year ago, visiting the West Indies, I received the impression that they were equally interested in enlarging their trade with Canada. It is an important market for us. In 1957, Canada provided about 10 per cent of the total imports of the West Indies and a much higher proportion of their purchases of certain individual products such as flour, potatoes, salt cod and pickled meats.

There has been some change in the pattern of trade with the West Indies of recent years. We have not increased our sale of fish and flour to the extent that we would like, but these products do not now represent as large a proportion of the import market as they did in the past. In machinery and equipment there has been a marked increase in the requirements of the West Indies. We find that our exports are generally competitive in the West Indies. In some products we have increased our share of the West Indian market and I mention specifically bacon and ham, leather, motor cars and clothing. The West Indies represents an important market for manufactured goods from Canada and there is scope for an expansion of Canadian sales in this field. Hon. members realize that there have been restrictions on West Indian trade because of balance of payments reasons but these restrictions are being relaxed and new opportunities are being opened up for Canadian exporters.

We had a visit last year from the minister of trade for Jamaica and I recall his remarks to Canadian businessmen urging them to be more active in visiting the West Indies and attempting to arrange business there. Last winter a strong contingent of Canadian businessmen did visit the West Indies and they explored the market for themselves. At the same time, under the auspices of the Canadian government, a Canadian trade fair was in operation, first at Kingston, Jamaica and subsequently at Port of Spain, Trinidad.

The West Indies is, of course, a competitive market and competition is felt from Britain, the United States and other countries. The hon. member for Ottawa West raised the question of our trade with the West Indies in its currency aspect. Last year at the commonwealth conference we had a discussion with the United Kingdom and the West Indian representatives on that very matter, and it was agreed, and I quote from the report of that conference:

> That joint consideration be given to all matters designed to improve and strengthen existing trade ties and ensure the closest possible trading relationship between the West Indies and Canada.

The removal of restrictions which has been taking place in the United Kingdom and in various countries of the commonwealth has also been taking place in the West Indies, and there is a relaxation of the restriction of imports from dollar countries.

With regard to the trade agreement with the West Indies which the hon. member for Ottawa West also mentioned we recognize —and it was recognized by the conference at Montreal—that a revision of the existing trade agreeement of 1926 between Canada and the West Indies would be necessary but it is dependent upon the establishment of a customs union in the West Indies Federation. The preparatory work for that has been under way for some time, and if it is advanced sufficiently by the latter part of this year we expect to hold trade discussions then with representatives of the West Indies to consider whether or not the trade agreement of 1926 might be extended.

The hon. member also raised the question of capital development in the West Indies and wondered whether or not Canada is playing her part in that. Canadian investment in the West Indies at the end of 1957 amounted to $130 million, exclusive of banks and insurance companies. That is a marked increase as compared with the figure for 1951 when Canadian investments stood at only $25 million. So there has been a five-fold increase in that period. That compares with the United States investment in the West Indies of $235 million at the end of 1956, the latest figure I have available. Canadian banks and insurance companies have been very active in the West Indies for years. Four Canadian banks have branches there and ten Canadian insurance companies are established. In addition, various Canadian companies are operating in the West Indies. Without making the list complete, I mention light and power companies, companies manufacturing food products, optical supplies and woollen textiles. There is also, of course, the activities of Aluminium Limited which has developed bauxite products and produces refined alumina for shipment to Canada. There are also stores, machine shops, coastal and river steamers and ships carrying the trade between Canada and the West Indies.

The hon. member for Ottawa West also dealt with our trade with Japan and indicated some concern about a drop in our export sales to Japan last year compared with 1957. There was a drop in our exports of barley but an increase in our wheat and flour exports which went up from $68.5 million in 1957 to $71 million in 1958. The drop in barley exports was due to the fact that there was a bumper rice crop in Japan, and barley in that country is a substitute food for rice, so the requirement was not as great. In the first five months of 1959, taking this as the period for which the latest figures are available, exports to Japan amounted to $44.9 million compared with $40.3 million for the same period in 1958. I have already mentioned our intention to develop as far as we can our trade with Japan.

There was some discussion with regard to our general trade, contributed to by the Leader of the Opposition and the hon. member for Ottawa West. They were dealing with one month whereas I had been dealing with the figures in my possession for the period of five months.

Of the first five months of the present year, only in January were Canada's exports to the United States lower than in the corresponding month of 1958. In each of the four succeeding months, that is, February, March, April and May, they were higher and in the five month period as a whole amounted to $1,186 million compared with $1,135 million in the same period of 1958, an increase of 4½ per cent.

There was some criticism of my remark to the effect that the increase in Canada's imports had been shared by all the major trading areas and some questions were raised in regard to that. My reference to imports was based, not upon particular selected months but upon all months in the year to date for which figures were available; that is, January to April inclusive. The totals for this period show an increase in imports

from the United Kingdom, the commonwealth countries, the United States and all other countries considered together. Comparing imports for the first five months of 1959 with the corresponding period two years ago shows purchases from the United Kingdom up by 6 per cent and purchases from the United States down by 12 per cent. These figures indicate that the position of British relative to United States goods in the Canadian market remains substantially better than in the early part of 1957.

The hon. member for Ottawa West raised a number of questions concerning the exports of surplus farm products. This, if course, overlaps with the Department of Agriculture. I believe the hon. member was concerned as to whether the sale of some of these agricultural products abroad would interfere with our general trade picture. My understanding is that in all these sales care is taken so that there will be no interference with our trade in general and so there will be no accusation of practising anything in the way of an unfair method in trade. My colleague, the Minister of Agriculture, of course, could give a more specific answer in this regard.

In selling our surpluses in export markets every effort is made to ensure that these sales will not give rise to repercussions in our international trade relations with other countries. Before a surplus product is released for export at a subsidized price the country of destination is carefully screened to make certain that we are not causing undue hardship to other suppliers to that market. With this careful screening of exports and through consultation with other governments concerned we have, in the main, been able to export these products without creating serious problems in our commercial relations with other countries.

The hon. member for Ottawa West raised a question with regard to our trade with Italy. It is important to note that a year ago Italy was greatly affected by the world recession. Industrial production levelled off and total imports declined by about 14 per cent. Imports of agricultural products also ran at a lower rate due to substantial improvements in local production. This year developments are more encouraging. Italy's foreign exchange reserves are now at a record level and with the introduction of external convertibility the country is in a position to remove many restrictions on dollar goods. There are also signs of a definite upswing in the Italian economy. We are expecting an improvement in our export sales to Italy as the year progresses.

The hon. member for Fort William asked a question or two with regard to whether or not we were making a study of international trade and what trips or trade missions were in contemplation by the department. We make a continuing and close study of international trade. Our trade commissioners are continually reporting to the home office. We have a very efficient trade commissioner service and we have an international branch which keeps closely in touch with all the aspects of international trade. We have an efficient service in so far as gaining information with regard to trade abroad is concerned and in passing that information on to our exporters here at home so that business opportunities are brought to the attention of Canadian businessmen. With regard to trade missions, I have nothing to announce at the moment. I believe the hon. member wanted to know about my own activities. I hope to visit some countries during the autumn months if it is at all possible but I am not in a position to indicate at the moment what visits I might undertake.

Mr. Howard: Mr. Chairman, may I draw your attention to the fact that it is after ten o'clock.

Mr. Bell (Saint John-Albert): Where did you come from?

Mr. Churchill: I wonder if under the circumstances the committee would be prepared to sit for a few moments longer. I can bring to a conclusion my comments on the remarks that were made by hon. members on the first item of this department. Hon. members will recall that although we had an opportunity of passing this item on June 25 I agreed that it should stay open for the next period until it came again before the committee. I believe I could complete my comments within five minutes and then if we could pass this item it would speed us on our way quite a bit.

Mr. Pearson: I would agree that under the circumstances the minister should be given an opportunity to finish his statement although I am not at all sure that would mean the passing of the first item. We would be quite agreeable to going on after the minister finished his statement until, let us say, eleven o'clock.

Mr. Howard: I appreciate that I am in an unpopular position.

Mr. Monteith (Perth): That is true.

Mr. Howard: Within the last few days it has been the tenor of the house to proceed beyond ten o'clock to some indefinite period. If an individual for a valid reason objects to the proceedings going beyond ten o'clock he puts himself in an unfavourable position. If the house wishes to sit beyond ten o'clock

I submit the government on its own initiative should follow the proper procedure of introducing a motion to extend the hours to which the house could conform. I am not prepared to accept the minister's suggestion that we would pass this item but I would not object to giving him five minutes to finish his remarks. I would not go as far as the Leader of the Opposition and agree to sitting until eleven o'clock, unless the government wants to introduce a motion.

Mr. Monteith (Perth): It is evident that you do not want to co-operate.

Mr. Howard: We want to co-operate to the fullest possible extent.

Mr. Ricard: That is not very far.

Mr. Hellyer: Typical socialist flexibility.

Mr. Howard: If for a valid reason an hon. member objects to an extension of the proceedings beyond ten o'clock everyone is opposed to him. That is the position in which one is put who for a valid reason may object to an extension of the sittings.

Mr. Aiken: What is your reason?

Mr. Howard: Ten o'clock is the hour of closing under the rules. I submit it is most unfair to display an attitude of resentment to one who objects to an extension for a valid reason.

Mr. Bell (Saint John-Albert): And you just love it.

Mr. Howard: I am in an unfavourable position in taking this approach.

Mr. Morton: Is it fair for one member to hold up the entire house?

Mr. Pallett: Mr. Chairman, the hon. member has suggested that the government should take the initiative in introducing a motion to extend the hours of sitting. I should point out to the hon. gentleman and the house that a general agreement was made by the whips of the parties that we would deal day by day with the extension of the sittings past ten o'clock. I felt that this should be placed on the record. I believe the whip of the Liberal party will confirm my statement as will the hon. member for Kootenay West who sat in on the discussion.

Mr. Peters: This matter was discussed last night and the record will show what decision was reached. The minister was present when the suggestion was made at that time. We agreed to extend the hours, but we did not make any suggestion that the hours be extended beyond ten o'clock. Hon. members will notice that on today's order paper it says:

Hours of sitting this day: 7.00 p.m. to 10.00 p.m.

It does not say "7.00 p.m. to 11.00 p.m."

66968-9—386

Mr. Pearson: Perhaps I can read exactly what *Hansard* does say. At page 6019 of *Hansard* the Minister of Trade and Commerce said:

The arrangement being that on Wednesday, and on subsequent days, the house assemble in the afternoon at 2.00 rather than 2.30 and assemble again at 7.00 o'clock rather than 8.00, and in addition continue on Wednesday evening from 7.00 to 10.00 or whatever time the house determines.

The suggestion has been made that the house should now determine to sit to 11.00 o'clock and I think my hon. friend does not agree with that.

Mr. Howard: No, I am afraid not.

The Deputy Chairman: Do I understand the suggestion is that the committee will give the Minister of Trade and Commerce unanimous consent to finish his short remarks which he says will take about five minutes?

Some hon. Members: Agreed.

Mr. Aiken: Mr. Chairman, the Leader of the Opposition has just said, as I heard him read, that we sit until ten o'clock or until such a time as the house will agree to. I see no reason why the house should not agree to sit to a later hour. I do not think it requires unanimous consent.

The Deputy Chairman: I am sorry, but it does require unanimous consent to do that.

Mr. Churchill: However, Mr. Chairman, I am thankful for the privilege of continuing and I shall restrict these remarks. I hope I do justice to those who raised the questions.

The hon. member for Vancouver East discussed the problem of the alleged control of United States firms over their subsidiaries in this country, and alleged restrictions in the trade of those subsidiaries. He wanted to know whether the department had any knowledge of the companies in Canada which are restricted in their exports by foreign companies abroad which control them. In the ordinary course of its trade activities the department has a continuing interest in knowing what are the export policies of the Canadian companies which seek assistance and where control of those policies lies. This information is requested in the questionnaire which must be completed before a company can be included in the department's confidential exporters' directory. Before we undertake assistance in promoting exports for the subsidiary of a foreign manufacturing company we have to seek an understanding, and readily obtain as a rule any needed assurance that the assistance which we extend will not be diverted to the benefit of production and employment in some other country, but only used for the benefit of Canadian industry.

This is a problem which is constantly under review, and by means such as I have suggested, and by the process of education and persuasion we are finding that more and more companies are moving in the right direction. That was the burden of two addresses which I made in the United States to United States businessmen in New York and in Chicago last year. I drew attention to the feeling that we have in Canada that there should be freedom for subsidiaries operating in this country and entering into export trade.

The hon. member for Port Arthur and the hon. member for Kenora-Rainy River raised questions with regard to small businesses which I think might more properly be answered when we come to the section later on in the general estimates.

The hon. member for Port Arthur dealt at some length with testimony which had been given to one of the committees concerning foreign trade and the lack of export credit assistance; but in the interval parliament has passed an amendment to the Export Credits Insurance Act which I think meets that objection.

He drew attention to the fact that our forest industries were having some difficulty, but I note that exports to the United States for the first five months of 1959 show a decided upward trend. Our lumber exports are $29 million above those of the corresponding period last year. Wood pulp exports for the same period are up by $11 million. Newsprint exports so far have not yet equalled the previous year's level but an increase is expected by the time the returns are in for the six months' period.

Those, Mr. Chairman, are the main matters which were raised by hon. members who spoke. There was a contribution made by the hon. member for Saskatoon who drew attention to the need for increased facilities at the port of Churchill. The hon. member for Vancouver South indicated and drew attention to an order which had been received by John Inglis company for a very substantial piece of work in the United States.

These, Mr. Chairman, I think are the comments that I would make at this stage, and as we consider other items in the estimates I will be prepared to answer further questions.

The Deputy Chairman: Shall I rise, report progress and ask leave to sit again?

Mr. Churchill: Would it be convenient to pass this item, in view of the earlier remarks I made, or does the committee wish to discuss item 1 again?

Mr. Pearson: There are some general observations we would like to make. Perhaps it will not take very long tomorrow morning, but I would prefer to hold them over.

Mr. Bell (Saint John-Albert): Let us go on.

Mr. Eudes: The C.C.F. will not consent.

Mr. Morton: Stopped by C.C.F. obstruction.

Mr. Martin (Timmins): If you want C.C.F. obstruction you can get it.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Will the hon. gentleman who is leading the house confirm the order of business for tomorrow?

Mr. Churchill: Yes. Tomorrow, Mr. Speaker, we will continue with the estimates of trade and commerce and those are to be followed immediately, of course, by the estimates of Atomic Energy of Canada Limited and the national research council for which I am responsible to the house. Then, the estimates of mines and technical surveys, fisheries, post office, northern affairs, secretary of state, privy council, national revenue and the C.B.C., legislation, health and welfare and finance.

I might point out, Mr. Speaker, that in the three days which are ahead of us, Thursday, Friday and Saturday, operating on the hours that we have agreed to, there are available almost the equivalent of five days of normal hours. Therefore, although the program may appear to be fairly large, the time available to the house is close to being that of a normal five days.

Mr. Pickersgill: May I ask the hon. gentleman what is proposed by the government about the legislative items sent over from the Senate and announced tonight? Then, there is the bill of the Minister of Justice, and some amendments to another bill.

Mr. Churchill: Mr. Speaker, it depends on the progress that we make with estimates. What I have announced here will carry over definitely for Thursday and Friday. If by tomorrow night we have made considerable progress and if by Friday we appear to be quite close to the end, then we will be able to determine when the legislation will be fitted in.

Mr. Pickersgill: We can be sure that there will be no legislation tomorrow or Friday?

Mr. Churchill: That is right, for Thursday and Friday no legislation.

It being 22 minutes past ten o'clock the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

R.C.M.P. RIDING CROPS

Question No. 292—**Mr. Peters:**

1. Are members of the Royal Canadian Mounted Police authoried to carry riding crops?
2. If so, of what material or materials are such riding crops composed and what is their weight, length and diameter?
3. Are members of the Royal Canadian Mounted Police authorized to carry any form of stick other than riding crops?
4. If so, of what material or materials are such sticks composed and what is their weight, length and diameter?

Answer by: **Hon. E. D. Fulton (Minister of Justice):**

1. Members of the Royal Canadian Mounted Police are issued with leather batons, commonly known as riding crops. They are authorized to carry these batons whilst walking out in uniform or on duty.

2. Tempered steel rod tapering from $\frac{1}{8}$" at hand to $\frac{3}{8}$" at outer end wrapped with insulating tape and covered with 3-ply of rubber cemented together. This rubber covered rod is encased for its entire length in 4-ounce case leather with a ferrule of leather in basket weave $2\frac{3}{4}$" long at the outer end—length $22\frac{1}{2}$"—outside diameter tapers from $\frac{3}{8}$" at the hand to $1\frac{1}{4}$" at the outer end.

Question

This diameter includes the leather ferrule—weight 12 ounces.

3. Yes, but only in special circumstances or when specifically ordered.

4. (a) Leather covered billets consisting of a steel spring to the outer end of which is fastened a lead weight, the spring and lead being covered with a brown leather covering in a basket weave producing a flexible billet weighted at the outer end and weighing approximately 10 ounces. The billet is also furnished with a leather loop or thong. Length, 8". Outside diameter tapers from $1\frac{1}{4}$" to $\frac{5}{8}$".

(b) Solid black rubber billet. This billet is $8\frac{1}{4}$" long and is made of solid rubber without the addition of any lead or other weighted material. Also equipped with loop or thong for wearing over the wrist and tapers from $\frac{3}{8}$" in diameter to approximately $1\frac{1}{8}$" at the outer end. Total weight, approximately 6 ounces.

(c) Night sticks—solid hardwood—14" long, tapering from 1" diameter at hand grip to $1\frac{3}{4}$" at outside end. Weight, 7 ounces. No metal core or weights.

(d) Truncheon (used when mounted) made of hardwood without metal core or weights —Overall length $35\frac{1}{2}$"—length from hilt to outer end $28\frac{1}{2}$" hardwood encased in fabric material. Truncheon is of uniform diameter, approximately $\frac{7}{8}$" and is fitted with leather wrist thong and small leather hand guard fitted approximately 6" from end. Weight 1 pound $3\frac{1}{8}$ ounces.

66968-9—386½

HOUSE OF COMMONS

Thursday, July 16, 1959

The house met at 11 a.m.

BROADCASTING

Second report of special committee on broadcasting—Mr. Halpenny.

(Translation):

PRIVILEGE

MR. TREMBLAY—REFERENCE TO ARTICLE IN MONTREAL "LA PRESSE"

Mr. J. N. Tremblay (Roberval): Mr. Speaker, on a question of privilege, I want to protest against a report as published in the Montreal newspaper *La Presse*, of July 15, 1959 concerning the parliamentary committee on radio and television.

Headed "No orchids to C.B.C. witnesses" the item makes great ado about a meeting in camera which was called for the purpose of drafting the report that the parliamentary committee on radio and television was to submit to this house.

The article imputes to me certain actions, words and motives. I want to state here that what the report says about me is untrue.

I also protest against indiscretions that might have been made by one or more members of the committee. If this were so, such action would be a breach of parliamentary practice of the traditions of this house.

As to the action of the reporter involved, Mr. Speaker, I have no need to characterize it. It bespeaks a lack of professional ethics, contempt for the rights of parliament and for the privileges of hon. members of parliamentary committees. In my view, it is a blow to their freedom of opinion and of thought, and a serious abuse of the rights and privileges granted by parliament to members of the press gallery.

(Text):

BRIDGES

AUTHORIZATION OF CONSTRUCTION ACROSS NIAGARA RIVER

Right Hon. J. G. Diefenbaker (Prime Minister) moved the first reading of Bill No. S-30 (from the Senate) to authorize the construction of a bridge across the Niagara river between the province of Ontario and the state of New York.

Motion agreed to and bill read the first time.

AUTHORIZATION OF CONSTRUCTION ACROSS PIGEON RIVER

Right Hon. J. G. Diefenbaker (Prime Minister) moved the first reading of Bill No. S-31 (from the Senate) to authorize the construction of a bridge across the Pigeon river between the province of Ontario and the state of Minnesota.

Motion agreed to and bill read the first time.

FISHERIES

NEWFOUNDLAND—REPEAL OF CERTAIN LAWS RESPECTING EXPORTATION OF SALT FISH

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the first reading of Bill No. S-32 (from the Senate), to repeal certain fisheries laws in force in the province of Newfoundland respecting the exportation of salt fish.

Motion agreed to and bill read the first time.

HOUSE OF COMMONS

STATEMENT BY MR. SPEAKER ON REFERENCES TO SENATE PROCEEDINGS

Mr. Speaker: Before orders of the day are called, may I refer to a matter which came up at this stage in yesterday's proceedings. I had taken exception to a reference to the proceedings before a committee of the other house with respect to finance under the impression that the committee was still sitting. The Leader of the Opposition raised the point that reports of such committees were a proper subject matter of discussion in this house, and as the matter was left in some uncertainty I should like to assure the house that that is the case and refer to Bourinot's *Parliamentary Procedure*, fourth edition, at page 357. I think I might read one paragraph dealing with references to the other place:

> It is also a part of the unwritten law of parliament that no allusion should be made in one house to the debates in the other chamber, a rule always enforced by the Speaker with the utmost strictness. Members sometimes attempt to evade this rule by resorting to ambiguous terms of expression—by referring, for instance, to what happened "in another place"; but all such evasions of a wholesome practice should be stopped by the Speaker, when it is evident to whom the allusions are made.

Inquiries of the Ministry

The next sentence is the important one:

It is perfectly regular, however, to refer to the official printed records of the other branch of the legislature, even though the document may not have been formally asked for and communicated to the house.

LABOUR CONDITIONS

REQUEST FOR STATEMENT ON WINTER WORK PROJECTS

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour whether, in view of the statement reported in last night's Ottawa papers and attributed to the mayor of Ottawa, the minister does not think it desirable before the conclusion of this session to formally announce the government's intentions with regard to a winter work program for next autumn and winter?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, my position regarding the winter work program is still the same as I announced the other day.

Mr. Martin (Essex East): Mr. Speaker, has the minister seen the statement made by the mayor of Ottawa?

Mr. Starr: No, I have not.

Mr. Martin (Essex East): Would the minister read it and reconsider his position?

Mr. Starr: Mr. Speaker, I do not think it would alter my position.

NORTHLAND NAVIGATION COMPANY

INQUIRY AS TO STRIKE SITUATION

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, may I pose a question to the Minister of Labour and ask what report he can give the house on the progress of negotiations with respect to the Northland Navigation Company?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, concerning the latest developments in the dispute involving Northland Navigation Company Limited, the Vancouver officer of my department has reported that the Canadian Labour Congress has sent a representative to the west coast to meet with the employer and representatives of the various trade unions concerned.

Meetings have been held and it is anticipated that further meetings will take place. My officer has not participated directly in these discussions, although he is closely in touch with the situation and will resume his mediation services if necessary and if these direct discussions are not concluded successfully.

[Mr. Speaker.]

I also understand that the parties have decided to withhold public statements while the talks proceed. In view of this fact I think it is not desirable to discuss the principal issue which now appears to stand in the way of settlement.

WATER RESOURCES

CHICAGO DIVERSION—CANADIAN ATTITUDE TO U.S. LEGISLATION

On the orders of the day:

Mr. N. L. Spencer (Essex West): Mr. Speaker, I should like to direct a question to the Prime Minister as Acting Secretary of State for External Affairs. In view of news reports that a Senate committee in Washington is considering amendments to a bill concerning diversion of water from lake Michigan at Chicago, would the Prime Minister indicate whether there has been any recent change in Canadian government policy?

Right Hon. J. G. Diefenbaker (Acting Secretary of State for External Affairs): Mr. Speaker, the hon. gentleman gave me notice of his question, and I can say unequivocally that the answer is in the negative. There has been no change in Canadian government policy as it was announced by me in the house on April 23, and as it is contained in the note to the United States dated April 9 last.

With regard to the proposals and suggestions that have been made in the committee of congress, I do not think it would be useful or proper to comment on those suggestions as they are put forward in the legislature of another country; but I do want to make it abundantly clear that whatever changes have been suggested in no way diminish or lessen the Canadian stand in opposition to the diversion proposed.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether in this connection he was encouraged by the observations of Senator Robert Kerr of Oklahoma that he was as interested in Canada as he would be in a sheik's harem?

Mr. Diefenbaker: I think the question asked by the hon. gentleman is answered by the very fact that it was asked. I have pointed out that no suggestions that have been made have in any way diminished the Canadian stand.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Prime Minister a supplementary question. Has any consideration been given by the department or

the government to referring this matter to the international joint commission, in the same manner as a portion of it was referred to the international joint commission to ascertain what would be the effect of the diversion on water power development as well as on navigation?

Mr. Diefenbaker: Mr. Speaker, with the experience the hon. gentleman has had in this matter I should think he would take it that there would be no necessity for such a course to be followed, for the general feeling among Canadians is that the effect of diverting even a thousand cubic feet per second could not but be detrimental.

Mr. Chevrier: May I just follow that up. The question I was putting to the Prime Minister was this. In view of the fact that the matter had already in part been referred to the international joint commission, would it not be advisable for the government to give consideration to referring the whole problem to the international joint commission for determination?

Mr. Diefenbaker: I do not concur in that view at the moment.

Hon. Paul Martin (Essex East): May I ask the Prime Minister a supplementary question. The house will be grateful for the statement he has made today. Is he satisfied that the proposed proceedings to be taken to the supreme court of the United States with regard to this matter will not in any way affect Canadian rights?

Mr. Diefenbaker: In so far as the proceedings being taken before the supreme court of the United States are concerned, the only observation I would make thereon is why in view of the fact that some of these matters are sub judice, consideration is being given at all to the measure before congress?

Mr. Martin (Essex East): Hear, hear.

Mr. W. H. McMillan (Welland): I have a supplementary question for the Prime Minister. Does the Canadian government take the same view of a short term diversion of water at Chicago as it does of a long term diversion?

Mr. Diefenbaker: Mr. Speaker, I have heard nothing from Canadians as a whole that would indicate that a short term diversion would not ultimately lead to a long term one. It is because of that situation that we have taken so definite an attitude in respect of the present request.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

INQUIRY AS TO CO-OPERATION BETWEEN CANADIAN AND UNITED KINGDOM POLICE

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I would like to direct a question to the Acting Minister of Justice. The question is based on a Canadian Press dispatch of July 14 concerning the shooting of a London policeman and the efforts of the London police to locate the person suspected of doing the shooting, who it was thought was a Canadian. The dispatch goes on to point out that a photograph and certain information had been sent by the Canadian police, the R.C.M.P., by air mail.

My question is this. Why, in the interests of efficient co-operation between the Canadian police and the United Kingdom police in a matter of such importance, was the relevant information not sent by telephone message or cable and the photograph by wire photo, rather than by the slower method of air mail?

Hon. Leon Balcer (Acting Minister of Justice): I will make the proper inquiry and let the hon. member know.

AIRPORTS

MURRAY BAY, QUE.—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. Martial Asselin (Charlevoix): Mr. Speaker, I wish to direct a question to the Minister of Transport. Since 1954 the people of my riding have been anxious that the airport at Murray Bay be completed. Can the minister tell the house if his department intends to construct this air strip this year?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. The hon. member was kind enough to give me notice of his intention to ask this question. During the past two years this matter has been under very active consideration by my department, and I am very pleased to be able to report that we are prepared to call for tenders for this construction immediately following receipt of a clear title to the land, which has been requested from the local authorities.

PRICE SPREADS

STATEMENT AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday the Leader of the Opposition asked me when the report of the royal commission on price spreads might

be expected. I have had the chairman communicated with, and he advises that it will be mid-September.

FISHERIES

SALT COD—REQUEST FOR STATEMENT ON CANCELLATION OF CULLING REGULATIONS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): May I direct a question to the Minister of Fisheries. In view of the great concern and anxiety over the recent decision of the government to cancel the enforcement of culling regulations in the salt cod fish industry in Newfoundland, will the Minister of Fisheries make a statement regarding this matter?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I will take this question as notice so I may be sure of its full implications. I received notice just now, but I think there is something left out of the question. I might say that the culling regulations are the responsibility of the provincial government. I will take the question as notice and give a fuller answer tomorrow.

NORTHERN AFFAIRS

INSPECTION OF INSTALLATIONS BY SUBGROUP OF HOUSE COMMITTEE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister. Is the government giving consideration to action under the Inquiries Act to enable a subgroup of the mines, forests and waters committee to inspect northern installations before the winter season, as was recommended in that committee's report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as yet no consideration has been given to the suggestion or proposal mentioned.

INQUIRY FOR RETURNS

CHIPPEWA INDIAN RESERVE, SARNIA—LAND DISPOSAL—SALE OF LAND

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Minister of Citizenship and Immigration. Is the hon. lady yet in a position to bring down the return respecting the Chippewa Indian reserve at Sarnia?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Yes, Mr. Speaker. It is ready now, I believe, and will be tabled today.

[Mr. Diefenbaker.]

DRUGS

INQUIRY AS TO DISPOSITION AND TREATMENT OF ADDICTS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Acting Minister of Justice, or perhaps the Minister of National Health and Welfare might be interested. I regret not having been able to give notice. Has the minister's attention been drawn to an article in this morning's *Globe and Mail* which indicates that an investigation sponsored by metropolitan Toronto will be undertaken in an attempt to deal with methods and facilities for the treatment of drug addicts? Will the Department of Justice or the Department of National Health and Welfare be able to participate in this investigation, and will they attempt to co-ordinate the studies so we may have a universally applicable treatment system across Canada?

Hon. J. W. Monteith (Minister of National Health and Welfare): I have not seen the article referred to, but I will be glad to bring it to the attention of the Minister of Justice when he returns.

Hon. Paul Martin (Essex East): As this is a matter that comes mainly under the Minister of National Health and Welfare, is it a fact that the government has decided on such a policy?

Mr. Monteith (Perth): There has been no policy as such decided but, as I say, I would rather not give a direct answer to the question without seeing the article.

FINANCE

REQUEST FOR STATISTICAL DATA ON FEDERAL PAYMENTS TO CERTAIN PROVINCES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of Finance if he is yet in a position to make available to the house the tables, precisely comparable to the ones that appear in *Hansard* for July 13 at page 5901, for the other Atlantic provinces and for the provinces of Manitoba and Saskatchewan?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think those tables are made up and available. I did not give any undertaking to table them, but my estimates will be coming up and if hon. members wish to ask for them they will be brought forward then. I shall endeavour to have them ready to table in the house at that time.

Mr. Pickersgill: I would remind the minister that there was an implied understanding that these would be made available when

consent was given to enable the minister to put this table on *Hansard* without being read. There are some of us who would like to have these tables available before the minister's estimates are considered.

Mr. Fleming (Eglinton): I have to take objection to the statement of the hon. gentleman. There was no such understanding before consent was given to have this table appear in *Hansard*. I pointed out at that time, when the hon. gentleman asked for the information to be tabled concerning the other provinces, that this information would have been irrelevant to the matter before the house. There was no suggestion of any implied undertaking in that respect.

Mr. Pickersgill: On this same point, I should like to draw your attention to the fact that this information was first requested immediately after April 20, when the Prime Minister made a television broadcast, and in one way or another the minister has evaded giving it ever since.

Mr. Fleming (Eglinton): That statement is untrue, and the hon. member has enough knowledge to know that the statement is untrue. When this matter was raised first the hon. member was reminded that there are proper ways of obtaining information. A question was then put on the order paper by one of his colleagues and a return was brought down. The hon. gentleman has now decided he wants some refinement of the information that was brought down in reply to the question. This does not warrant his making the kind of untrue statement he has just made in the house.

Mr. Pickersgill: I am rising on a question of privilege. The minister says the statement I have made is untrue, and that is unparliamentary. It also happens that my statement is true, as the minister knows quite well, because I have mentioned this several times. I took exception to this order for return in the form in which it was given, because there was not comparable information for the other provinces.

Mr. Speaker: There is a way in which documents can be produced, and it is not appropriate to debate whether or not a minister will produce a document without the matter being properly before the house. On the point of privilege, the objection which the hon. member takes has been noted.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

380. Departmental administration, including fees for membership in the international organizations listed in the details of the estimates, $2,636,084.

Mr. Badanai: The report of the board of grain commissioners for Canada contains some valuable information and some intriguing figures, and I wish to make a few observations about the handling and marketing of grain. The board of grain commissioners came into being under the Canada Grain Act of 1912, and this board was established to provide general supervision over grain handling in Canada. Prior to 1912 a warehouse commission with jurisdiction over terminal grain elevators had been appointed in 1901. The act of 1912 also provided for the construction of public terminal elevators in order to provide storage facilities and inspection of grain for the protection of the farmers on the one hand and the guarantee of the various grades to the overseas purchasers on the other.

The Deputy Chairman: Order. I wonder if hon. members would please be quieter and lower their voices while they are talking. It is very hard for the Chair to hear the hon. member for Fort William.

Mr. Badanai: In 1913 the first public terminal grain elevator was constructed by the government at the lakehead with a storage capacity of 3½ million bushels. The storage facilities at the lakehead at the present time are in excess of 92 million bushels. The rapid expansion of the grain trade culminated in the establishment of a grain exchange building in Fort William, as well as the appointment of an assistant grain commissioner. Many revisions of the Canada Grain Act have been made from time to time, and the board has assumed wider responsibilities for enforcing the provisions of the act and for marketing; and when I say "marketing" I do not mean the actual selling.

The principal function of this board is to conduct investigations into any and all matters relating to the weighing and grading of grain, which includes the licensing and bonding of elevators and, of course, the important function of supervision over the recording of grain statistics. They also exercise some form of control over the distribution of grain cars at shipping points in the grain growing areas. It can be seen, therefore, that step by step the federal government has practically taken control of the grain trade, first by establishing legal weight measures, grades and market agencies, establishing a vast network of administrative offices, with the net result that the taxpayers of Canada

are contributing a considerable sum of money to enable our western farmers to produce and prosper.

I would like to bring to the attention of the minister the report on revenue and expenditures, table J-4, page 65 of the annual report of the board of grain commissioners for the year 1958. In the first column, under "Inspection", the revenue is shown at $1,651,004. In the next column, under "Weighing", it shows a revenue of $825,459, making a total revenue of $2,476,453. In the next section, under "Expenditures", the amount shown under "Inspection" is $2,441,789, and under "Weighing" the amount is $1,143,373, making a grand total of $3,585,162. If we deduct the net revenue from the total expenditures under these two items alone, it will show a deficit or a loss of $1,108,709. While we all appreciate that services such as appeals, registrations, licensing, statistics, research and administration should be a government responsibility, I feel that services such as weighing and inspection should be made self-supporting by increasing the charges for these services to meet the costs of providing them.

Turning to pages 63 and 64 under table J-3, I would point out to the minister that under the revenue for inspection at Winnipeg it shows an amount of $322,483 and for weighing at the same point the revenue is $29,188, making a total revenue of $351,671. Under the same columns for Fort William we find the revenue for inspection to be $598,562 and for weighing the figure is $47,113, a total revenue of $1,045,675. Under the heading of expenditures at these two points we find that the inspections at Winnipeg cost $703,715 and weighing $69,046, a total of $772,761. At Fort William the cost of inspection was $850,561 and for weighing $666,067, a total of $1,516,629.

Mr. Chairman, these figures reveal—and this is the point—that it costs the government $772,761 to produce revenues of $351,672 at Winnipeg. By contrast, the cost at Fort William is $1,516,629 to secure a revenue of $1,045,675. In other words the ratio of costs at these two points favours Fort William by a margin of practically one third.

I trust that the minister will have an explanation of this discrepancy and be able to tell us whether it is necessary to have two inspections for grain destined for the lakehead elevators, one at Winnipeg and one at Fort William. I fail to see how the grade of grain would change in transit in the 400 miles which separate these two points. All grain must be inspected and weighed upon entering and leaving the terminal elevator. I feel, therefore, that this dual inspection is quite unnecessary, especially in view of the fact that in the very near future practically all exports via the Atlantic ocean will proceed directly from the lakehead.

I suggest that the board of grain commissioners and their staff should be permanently established at the lakehead, and that the only inspection and weighing for all grains consigned to lakehead elevators be carried out at this point. This would eliminate the costly practice of double inspection now being carried out. I would suggest that except for small staffs of government inspectors, and weighing at points where grain is taken into mills for processing, all government inspection and weighing should be performed at the terminal elevators, of which there are 45 in Ontario, 4 in Manitoba, 2 in Saskatchewan, 4 in Alberta, 9 in British Columbia and 12 in Quebec and the maritimes.

At this point I would remind hon. members that the lakehead is the largest grain port in the world. Is it not obvious that a great economy could be made by having the entire inspection and weighing operation performed at this point? Perhaps Vancouver should be established in the same manner for grain shipments via the Pacific, though I am confident that a lot of our exports now leaving from that port will be going via the St. Lawrence seaway and the Atlantic in the future.

Finally, I firmly believe that while there may have been good reasons in the past for the government to sustain the expense involved in these services in the interests of the economy of the nation, the time may be opportune to revise the whole set-up of the inspection and weighing of grain. The board of grain commissioners should be a self-sustaining body, and all services rendered by them such as the weighing and inspection of grain should be paid for by charges assessed to the country elevators, the terminal elevators and all others who demand this government service.

I also believe that an improvement could be made in the handling and marketing of grain, and I wish to offer a suggestion which, even upon a superficial study, would appear to have merit. At present all grain handlings by the government are done by the bushel measure. For example, wheat is 60 lbs to the bushel; oats 34 lbs to the bushel; barley 48 lbs to the bushel; flaxseed 56 lbs to the bushel and rye 56 lbs to the bushel. While these are the weights taken at all times for grain, it is obvious that under certain conditions they do not show a true picture. For example, these weights are for grain under normal conditions. If, however, the grain is damp, as sometimes happens, then because of the moisture it contains a bushel of grain weighs a great deal more. Under normal circumstances 60,000 lbs

of wheat would represent 1,000 bushels. However, if a large part of the weight was represented by moisture then the actual number of bushels would be considerably less.

No scale upon which grain is weighed can possibly show a measure in bushels. It must therefore show the weight in pounds, and the measure must be worked out after the weight is determined. It is therefore impossible to obtain with any degree of accuracy the amount of grain in Canada under present conditions of accounting. It simply means that a shipment of grain heavy with moisture could be shipped and payment would be made on the basis of bushels. However, when this grain dried the weight would be considerably less, and as it was worked out from the weight, the number of bushels would also be less.

All exports of grain are made on the ton and hundredweight basis. It can therefore be seen what a tremendous amount of work is involved both by the government and the grain men because the government insists on this antiquated practice, namely the conversion from a measure to a weight, or rather from a weight to measure and back to a weight again.

The only solution would be to abandon the measure entirely and handle the grain all the way from farm to vessel on the weight system. The only reason that could be advanced for the present method of market quotations in bushels is because it is the method used in the United States and therefore Canada must string along with it. If I am wrong in this assumption then I stand to be corrected.

Mr. Cooper: Where did the hon. member get his information that a bushel of damp wheat weighs more than a bushel of dry wheat?

Mr. Badanai: If the hon. member would sit down for a moment he could make the calculation in the same way I made it, and he will arrive at the same conclusion. Market quotations can be quickly converted from price per bushel to price per hundredweight by means of a worked-out table such as the banks use for computing the rate of foreign currency.

By way of illustration, and for the benefit of the hon. member who just interrupted me, I wish to offer a table as follows:

Wheat at $1.50 per bushel equals $2.50 per hundredweight.

Oats at 75 cents per bushel equals $2.20 per hundredweight.

Barley at $1.00 per bushel equals $2.08 per hundredweight.

Flaxseed at $2.75 per bushel equals $4.91 per hundredweight.

Rye at $1.10 per bushel equals $1.96 per hundredweight.

These figures are approximate, but an amount to a fraction can be arrived at. I submit that such a method would greatly simplify the entire grain handling business and would present a much more accurate picture of the grain position in Canada. The adoption of a standardized method of grain measurement could probably lead to a universal adoption of the metric system. The change would be very desirable, because calculations would be concise; and, if Canada could prevail upon Britain and the United States to do likewise the Canadian government would be performing an important service which could be incalculable in the promotion of trade with all the other nations of the world.

Mr. Peters: One of the most important problems facing industry today is the sale of uranium to international markets. The minister has mentioned this on several occasions, and the other day the Leader of the Opposition asked a question on this important matter. His question was in regard to sales to the United States and the progress which is being made by Canada in negotiation with Washington for the sale of uranium after 1962.

In the answer the minister gave he pointed out that he was aware of the fact that there has been difficulty in negotiations with the United States and in sales to that country, but that there was some hope for a change after 1962. The Leader of the Opposition also asked if it was not true that uranium sales would quite likely increase in the years after 1970. I think that is probably the crux of the matter, and it is my impression that the problem has not been handled in a satisfactory manner to date.

We are all aware that the Canadian government has been vitally interested in the uranium development that took place at Elliot Lake and Blind River a few years ago. For years Canada was the major producer of uranium with mines in Yellowknife, Uranium City and other parts of northern Canada. With the development at Elliot Lake, Canada led the world in uranium production, but since that time other developments have taken place. Canada assisted in the development of the mines in many ways. As is pointed out in many publications, the cost of getting these mines into production ran as high as 30 per cent, which was much greater than was anticipated at the time the five year agreements with the mines were negotiated.

A much more important factor has now entered the picture. Uranium discoveries throughout the world have increased. The United States has increased production and is in a position now to supply nearly all the

world's requirements for uranium. This has been reflected in the stock market. Stocks have dropped 55 per cent from the peak in 1957, and have decreased by 4 per cent in the last few months.

I am interested in what is happening in our mining communities. When I first came here early in 1957 I pointed out to the minister that the development in these areas did not appear to be in the best interests of the people in these communities. These people came from other settled mining fields and pioneered this development. They have built towns and communities and are now left holding the bag. They will be in dire straits by 1962 if the contracts cannot be renewed. The people who have put their life savings into homes or establishing stores or supplying other community services will be in disastrous straits if there is a widespread repetition of the lay-offs we have witnessed at one mine.

I know the hon. member for Algoma East will discuss this problem, as it affects his constituents but many of the people living there are not permanent residents. Their wives and families live in my area. These people are entitled to some stability, as are other people involved in production where the sale of the commodity is in the hands of the government and where the government is the sale agency and sole purchaser of the commodity. This is true of those who produce wheat, gold or uranium.

In the past we have approached this problem from the wrong direction. By 1962 we may not be selling uranium to the United States. We must examine what has happened across the world. United States scientists in recent years have developed a new process for the production of enriched uranium different from the natural uranium produced by Canada. Canadian scientists are to be congratulated for their diligence in tackling the problem of developing heavy water reactors, which are claimed by many scientists to be the most efficient, effective and by far the cheapest atomic reactors. The United States is already using atomic energy in plants and is producing atomic-powered submarines using enriched uranium. Natural uranium is treated with another great source of power such as coal or electricity to produce enriched uranium.

Canada must face several facts. We must recognize the development that has taken place and decide what to do. Many economists feel that Canada has neglected to do several things. We have spent large sums of money developing mines at Elliot Lake and Blind River, which is all to the good, but we have depended on international trade and the model agreement to too great an extent. The model agreement was worked out by the former government and taken over by the present one. According to *Saturday Night* it was designed by C.D. Howe, the former minister of defence production.

It is recognized by most people that Canada accepted the moral issues involved and believed that our country should sell sources of atomic energy only to nations that would use them for peaceful and industrial purposes. Inspection rights and other considerations were included in the agreements, and countries like Germany agreed to buy quantities of uranium. One high German official said, "We have had inspectors before and know how to deal with them." They thought they could look at the problem and decide what to do about it.

Saturday Night asked why the inspection clause was put in. I wish to read the article to which I have referred, because it explains what happened in the past and suggests what may happen in the future. The article, entitled "Canada should Abandon United States Uranium Market", was written by Robert Jamieson and appears in the February 28, 1959 issue. It reads:

> The origin of the inspection clause is admitted by Robert Winters, who was C. D. Howe's alternate in the Liberal cabinet, to have been a "gentleman's agreement" among the three partners in the combined development agency—Britain, the United States and Canada. Other information, however, indicates that it was entirely a United States concept and that the United Kingdom merely went along with it. Winters—and no doubt other Canadian ministers—honestly saw it as a moral issue: that it is wrong to place material which could be so dangerous to humanity in the hands of anyone without precautions to ensure it was used for peaceful purposes only.
>
> It is doubtful that the United States saw it this way. The evidence suggests that what they thought was possible, and what they sought in their own national interests, was a stranglehold control on all atomic energy development and supply sources in the western world. To the extent that this hypothesis is true, the Canadian ministers were taken in.
>
> But in any case such control is impossible. There are sources of uranium and other fissile material in many parts of the world. They differ only in their cost of development. And, as France showed when she developed her own high cost resources, some nations will pay any price to avoid what they regard as national humiliation.
>
> What has finally made nonsense of the Canadian stand is the sale by South Africa—its principal uranium competitor of the future—of a quantity of uranium without any restriction as to end use. This was a relatively small quantity sold to Japan, but it is reported from Johannesburg that the sale is expected to lead to a supply of some hundreds of tons a year.
>
> This news has been greeted by refusal to believe it. "It's not confirmed" said one prominent individual connected with the former administration. The report was carried by Reuters news agency on October 29, quoting the Transvalia company of Pretoria which negotiated the sale, and has been denied by none of the parties since.
>
> The uranium producers' brief submitted to the Canadian cabinet last month skirts this issue. Rio

Tinto, with both C. D. Howe and Robert Winters on its board, is the largest producer, and it is certainly in an awkward position to complain. The brief asks merely that more bilateral agreements be negotiated, or "other international machinery" be provided which would enable Canada to sell more uranium abroad.

This does not seem to me to be the whole story. In the United States they have been able to produce enriched uranium, and they have been able to sell it to the United Kingdom which is, with the exception of the United States, the largest market. They have been able to sell a small quantity of enriched uranium to the United Kingdom. I do not want to go into the methods of how to make enriched uranium, but this enriched uranium is in a concentrated form and is in a small package. You take a part of the energy which is already contained in the fissionable material and add to it another source of energy, and this can be contained in very small packages. This is necessary, Mr. Chairman, for such developments as atomic submarines, and it is also very valuable for other types of development, particularly in the undeveloped areas.

I point out, Mr. Chairman, that the Department of Northern Affairs and National Resources has also done some work in this field, because it is believed that in future in our northern development enriched uranium may be a boon to the small communities which are dependent entirely on outside sources of energy for the power they so vitally need for their development.

We have so far made no attempt to go into the field of enriched uranium, but we have one of the only sources of very cheap power in the world that is untapped today. It is admitted that the initial development of Hamilton falls in Labrador will produce 1 million horsepower at 3 mills a kilowatt. It was pointed out that in France the development of their projects cost something over 4 mills a kilowatt; while in Labrador enriched uranium could be produced at 3 mills a kilowatt in the initial development, and as the development is completed this cost would decrease with the increased output of that plant.

We can go into this field. If we do not go into it, it will mean that the United States, by controlling this mechanized form of uranium, will be able to control world trade in uranium although we and South Africa have by and large the biggest sources of uranium ore. We have to take a look at this particular problem, because it is going to be the only way in which to sell uranium in the years to come.

Canada is working on another project which is called CANDU. This project has been proceeded with very slowly. It is pointed out in the *Financial Post* of May 16 that our reactor wil be ready by 1964. The article goes on to say:

> Our Reactor Ready By '64.
> Uranium Sales Hang On It
> Canada's first big atomic-power reactor, CANDU, could be in operation by 1964 if the cabinet gave quick approval for a start on construction.
> It will produce 200,000 kilowatts of electrical energy.
> This would be a couple of years ahead of earlier programming, but a recommendation is before the cabinet from trade minister Churchill, the minister responsible for atomic energy.
> Total cost is not expected to be more than $60 million, but in the government's present tight financial position approval seems likely to be delayed for some time.

The reason for our going ahead with this is simply that through CANDU, which is a heavy water reactor, we can produce atomic energy efficiently, effectively and cheaply. It is admitted to be by far the cheapest way to produce this type of energy; but if we do not get it into production very shortly, and if we do not show to the rest of the world by our initial development that it is feasible and that we can do it and that we can show how much a kilowatt hour it is going to cost on the average to produce energy in this type of plant, even though other countries of the world know that this type of reactor is much more economical to operate they are going to go in for the small package unit which is being produced by the United States and which uses enriched uranium.

It is true, as the Leader of the Opposition pointed out, that it is expected that from 1970 on the needs for uranium for atomic energy will be increasing, and in the foreseeable future there will come a day when uranium again will be in great demand. But this is not going to help any of the people who are working in the mines at Elliot Lake at the present time. A number of the mines in that area are now producing 5,000 tons of uranium ore a day. Each of those mines could produce enough uranium to supply the needs of Canada in the foreseeable future. Therefore we can see immediately ahead an extensive lay-off in the uranium mining industry unless the minister gives some type of leadership in developing and pushing the completion of CANDU at the earliest possible date, so we can find out for ourselves and show the rest of the world that this type of heavy water reactor will be satisfactory for the production of power in other countries, and so other countries will be able to see a working model of a full-scale plant and decide for themselves whether they wish to buy a cheaper form of natural uranium or go into the field of enriched uranium.

This is very important. It again shows to me some of the lack of leadership that has taken place over the years in this parliament and some of the lack of leadership that is again taking place under this government. We should have known. We should have had advisers in Canada who could have told us this situation was going to develop. If we had been told we would not have developed the mines at Blind River and in the Elliot Lake area. We would have only developed those we knew we were going to be able to use. It seems odd to me that we should be spending money like a drunken sailor on such developments. Do not forget, Mr. Chairman, that dozens of my friends and your friends were killed in these mines simply because we were rushing to meet a deadline so the mines could go into production and take full advantage of the tax concessions granted by the government, and the sales contracts that expire in 1962 and 1963. We should have known.

This is in exactly the same situation as the Arrow project. We build something that probably surpasses anything built before in this field. We produce uranium as has never been done before, but we never decided what we were going to do with it when we produced it. If we had had a more far-sighted program we would now be building the Arrow and selling it to a number of countries.

Some hon. Members: Oh, oh.

Mr. Peters: Hon. members may laugh if they wish, but it seems to me that both this government and the former government have been guilty of this type of incompetent planning. We produce something and we do not decide where we are going to sell it. It is quite obvious this is true in the case of the Arrow, and I am suggesting that exactly the same situation is being repeated here with regard to the sale of uranium.

I hope the Minister of Trade and Commerce realizes that we are in a wonderful position because, no matter what happens, if we have the initiative, foresight and willingness to work we are not going to be the losers so far as the production of uranium is concerned. At Hamilton falls, Labrador, we have a source of energy that will produce enriched uranium cheaper than it can be produced at the present time by the use of Kentucky coal. This can be done, and we should immediately start an investigation to see whether we should go ahead with this type of program. The United Kingdom is buying enriched uranium and wants enriched uranium, and that country will help us to finance the development of electrical power at Hamilton falls necessary for the production of enriched uranium. We can be the leader in the field of enriched uranium if we junk our model agreement and—junk our past trade policy and overcome our instability to decide what we are going to do for a period of any more than a year or two.

We can also remain in the natural uranium field. We can push the redevelopment of the $60 million CANDU reactor. We can go ahead with that and have it in production before 1964. In fact, if the minister will use a little ingenuity we might have it in operation by the time our sales contracts expire in 1962 and 1963. We have a wonderful opportunity, and if a little foresight is used the problem that has developed in the mining fields throughout the years will not become an important factor. We will be able to maintain our sales on a reasonable basis and remain in the uranium field.

We are fortunate in Canada that in our uranium resources we have an exceptionally large source of power. These resources are found not only in the Elliot Lake and Blind River areas but also, as I neglected to mention, not far from Ottawa in the Bancroft area, where there are a number of major producers. These producers and their workers are faced with exactly the same problem and it can be solved in exactly the same way as in the case of Blind River.

I suggest that the matter hinges completely on what the minister is going to do. If he is going to sit in a hotel room in Washington and negotiate with United States officials I can tell him right here and now that he cannot win. Their negotiators are going to have the interests of their own country at heart, which is as it should be, and their interests involve controlling the development of enriched uranium throughout the world. The fact is that the country that can bottleneck the production of uranium will control the development of the world in the next four or five decades.

Congressional committees have held hearings on this matter, and there has been terrific resentment against renewing the contracts with Canada. Arguments have been presented by their own industry, which is now very nearly large enough to supply the needs of the United States, and they have been very strongly opposed to the renewal of the Canadian contracts and the buying of uranium from Canada at a set price. The minister is going to engage in negotiation in that atmosphere, and I suggest that no matter how capable he is he is going to come out second best. But if we proceed to push the development of our own reactor so we can show the world that natural uranium can be used as an economic, efficient and effective source to produce atomic

energy for industrial purposes, we will then be able to sell this much cheaper product to other countries of the world that are going to need it.

If we fail to go ahead with this project I suggest that there is an obligation to negotiate with the United Kingdom for financial assistance to develop power in Labrador so we can also get into the production of enriched uranium. I am familiar with some of the problems involved in this matter. I am not a scientist, but I know that Canada has spent pretty nearly all its resources in this field on the old type heavy water reactor. However, I am quite sure that with the co-operation we can get from the United Kingdom and the co-operation we have and will continue to receive from our Canadian scientists, Canada has a bright and effective future in the sale of uranium and will continue to be the leader in this field. But this demands that these two steps be taken immediately; that we investigate and get into the field of enriched uranium, and that we get into production with our CANDU reactor within the next year or two.

Mr. Churchill: Mr. Chairman, I appreciate the wish of the committee to proceed with the estimates and other business of the house as rapidly as possible, but that does not preclude me from answering immediately some of the fantastic statements that have been made by the hon. member who has just taken his seat. I can assure him that I am not going to sit in the house and listen to these charges of incompetence and failure to foresee the future and take action on the part of the government without replying immediately. If the hon. member wishes to make more statements today, tomorrow or next week on the same basis as his statements of today I will be quite prepared to answer them.

Part of his statement today was sound and logical and the rest of it was completely illogical and fantastic. He has said that we should have known there would not be a demand for uranium after 1962. How in the world were we to know facts like that when, at the time Blind River was discovered and developed, there were no other known suitable sources of uranium in other parts of the world? Since that time uranium discoveries have been made equal in volume and perhaps greater in value per pound than some of the discoveries in Canada. How in the world could this government or its predecessor have foreseen these discoveries?

That is the type of statement to which I object. When the hon. member talks sensibly and produces plans that are reasonable I am prepared to listen to him, but I am not prepared to listen without objection to some statements he has made. It was just impossible to know a few years ago what was going to happen in the uranium field in the future when the only source of supply was the Belgian Congo and our mines in northern Canada. Pressure to discover and develop uranium then resulted in the amazing development at Blind River. That has been followed in recent years by the discovery that the tailings of the gold mines in South Africa contain uranium, and then the extensive discoveries of uranium in the United States.

Now, who could have foreseen that? Could my hon. friend? Certainly we make no claim to being able to see that far into the future. If there is, and I hope there will not be, a reduction in the export of uranium in the future, I hope my hon. friend will not blame this government or the preceding government for failure to foresee what was going to happen.

My hon. friend states we should be in the field of enriched uranium and should develop Hamilton falls so that enriched uranium could be produced. He understands from his reading that a vast amount of electric power is required to produce enriched uranium, hence the need for the development of Hamilton falls. He has no authority for his statement that the United Kingdom is prepared at this moment to co-operate with Canada in the development of Hamilton falls for that purpose. He has seized upon a sentence in some article he has read in some magazine or other. The cost of the development, which my hon. friend did not mention, runs into the hundreds of millions of dollars.

My hon. friend suggests that we should scrap our bilateral agreements with some countries because by so doing we would enlarge our sales of uranium abroad. These bilateral agreements are specifically designed so the importing country will agree that it will not use this uranium for anything but peaceful purposes. Does my hon. friend suggest we should carelessly sell this uranium to any country in the world which may develop an atomic bomb or a nuclear bomb? Is that how careless my hon. friend would be with the sales of uranium? He says, let us chuck these small agreements—

Mr. Peters: South Africa already has.

Mr. Churchill: There is an international agreement with regard to this whole matter. South Africa made a sale to Japan of a small quantity of uranium. My understanding is that it will not be repeated. My hon. friend says they are prepared to sell hundreds of tons of uranium to Japan without

any safeguard whatever. I have been informed that this type of sale will not be repeated by South Africa. I do not know where my hon. friend gets his information, but I regret that he should suggest that we should scrap these bilateral arrangements whereby we are assured that uranium will be used only for peaceful purposes.

Mr. Pearson: Would the minister permit a question? Is South Africa a party to the United Nations agreement for the control of atomic energy for peaceful purposes?

Mr. Churchill: I am not sure of that immediately, but I shall have that information later. The hon. member for Timiskaming went a little further. He suggested that if I would show leadership or something we would have CANDU completed next year or the following year.

Mr. Peters: No; 1964.

Mr. Churchill: I wish I could speak with the authority he does, with such little knowledge of these scientific processes. It is the advice of the scientists who have been engaged for years in the development of atomic power and its application that I accept; they are the ones who set the period during which a reactor may be built and brought into production. They have not informed me that the program can be accelerated in any way. What am I to do, march out with a flag and say "Let us get on with this program"? Then Mr. Chairman, the hon. member says if we can get this built within that time, we are assured of the sale of uranium abroad immediately afterwards.

Our program is based on sound scientific principles. The scientific work has been done already at Chalk River. The model plant, NPD, has been developed. It is on the basis of our scientists' observations there that they have recommended that CANDU be proceeded with. Last fall I made a suggestion to the atomic energy authorities that we should advance the program with regard to CANDU, if they could assure me that their scientific observations warranted proceeding with it before NPD was finally completed. They came back with the assurance and the program has been advanced, as the announcement was made just the other day. We are going ahead with this program using natural uranium and heavy water.

As I have said in the house before, the scientists of the world are looking with great interest to that development. They are showing greater interest in it than they did two years ago. They are in close touch with the work our scientists are doing in this country, and they are looking hopefully, as our people are, to the use of natural uranium and heavy water as the most economic method by which to produce electric power from uranium sources.

This is the situation with regard to our program and the situation with regard to CANDU. Now, after a few years have elapsed, if the demonstration, as we hope, indicates that this is an economic way of producing power from uranium, then the market for Canadian built reactors and the market for Canadian natural uranium may be assured. This is the target at which we are aiming, and we hope in time that it will support our uranium producing industry here at home.

I am quite in agreement with the hon. member in his sympathetic remarks concerning the people who are in the mining camps at Elliot Lake and elsewhere. They entered into those mines in good faith with the prospect of many years of livelihood ahead of them. They have purchased their homes or started to purchase their homes, and they are now in an insecure position. I have every sympathy for people who are thus placed. I met with a delegation from Elliot Lake just the other day and talked this over with them. I fully appreciate their situation. Anything we can do to help them I am sure will be done. I am sure the provincial government of Ontario and the mine management will be extremely careful to see that no serious harm comes to the people who are really doing the work in these mines.

The activity of the dominion government that may be helpful where uranium production is concerned is in connection with the arrangements with United States authorities concerning the purchase of our uranium, which arrangements may lapse on March 31, 1961. The hon. member for Timiskaming claims that we will not make any headway at all in dealing with United States authorities. Again he has no basis for that statement. We have established close relations with our opposite numbers in the United States. There is room for negotiation and there is a proper, friendly field for negotiations there in the United States,

I am not at this moment going to agree with the hon. member that we cannot accomplish anything. He seems to have all this decided, and he is so sure that we have made no plans, that nothing will be done, and that we are thoroughly incompetent. These are the steps which can be taken by the dominion government, and they are in process right now. A complete study is being made of the uranium situation in Canada with a forecast for the future for that industry, and we are taking into account that negotiations will have to be

carried out and continued with the authorities in the United States. We cannot give an answer today, nor tomorrow, but this ranks with very high priority in the matters which are of concern to the dominion government.

I can assure my hon. friend, and I would like to assure the people in the uranium industry, that we are fully aware of the seriousness of the situation and we intend to take such steps as are open to us to ameliorate the conditions, if possible to guarantee the future of a stable uranium industry in Canada, and protect the livelihood of the people who are in those mining towns at the present time. That, Mr. Chairman, is all I want to say at this moment with regard to the problems raised by my hon. friend.

The Leader of the Opposition asked me whether or not South Africa is a member of the international agency, and that is true; South Africa is a member. The sale of uranium by South Africa to Japan, the one which was mentioned, was under a form of bilateral agreement, and safeguard conditions were written into the contract.

Mr. Peters: Before the minister sits down, he mentioned the fact that I could not estimate a few years ago that this was going to be the situation, but is the minister aware of the fact that Central Mortgage and Housing knew of this? Is he aware that Central Mortgage and Housing made a special contract with miners buying homes, and that they only guaranteed to underwrite mortgages for the years which were covered by the agreement, in other words up to 1962-63? Is he also aware that they will have to carry the mortgage themselves after that, which is an indication that it was known there would be trouble after 1962 in renewing these contracts, not in terms of a market but in terms of prices which they would get for uranium?

Mr. Churchill: I would say that is sound business prudence when you are dependent upon whether or not options will be taken up some time in the future.

Mr. Pearson: Mr. Chairman, I am in complete agreement with the hon. member for Timiskaming as well as the minister on the importance of the uranium industry and on the importance to Canada, indeed to the world, of atomic energy questions generally, and I will have something to say about that a little later in my remarks.

I agree with the hon. member that the development of this industry, so important to our country, requires energy, initiative and planning both on the part of government and on the part of private enterprise. I think the minister is correct when he says that it would have been difficult, if not impossible, a few years ago to estimate with any degree of accuracy the civilian, non-military consumption of atomic energy and of uranium after 1962, just as it would have been difficult, if not impossible, to forecast the dicovery of sources of uranium. There has been a great deal done in recent years in the United States in that regard which was certainly not expected, shall I say, five or six years ago. However, Mr. Chairman, as I say, I will come back to that a little later.

I would like to discuss now some of the more general questions of trade, especially export trade, that have arisen in the minister's earlier statement and in his statement last night, some of which I dealt with when the estimates were up the first time. I also express my appreciation to the minister for replying to some of the questions I raised at that time. The minister last night and earlier emphasized the strength of our export position, and of course I do not quarrel with him for doing that. In so far as our exports have held up during these difficult years I think we can take a great deal of satisfaction, because not only prosperity but the very economic stability of this country depends on exports not only holding up but increasing. As I said to the minister on this matter earlier, there are some difficulties and danger points, and it is our duty and our right to point them out.

I was glad he mentioned last night the importance of economic developments in Europe, the common market and the free trade area. He mentioned their importance not only to Europe, where they would have very great economic and political significance, but the important problem to Canada and indeed the whole of the Atlantic community. The inability, as the minister knows, of the common market to develop into a European free trade area has resulted in those European countries in O.E.E.C. who are not members of the European market forming themselves into, shall I call it, a group of seven, who certainly are not concerned with artistic endeavour. The outer seven, as I think they are called, include the United Kingdom and the Scandinavian countries.

This parallel development may result in a European free trade area, but if things do not go well it might have other and less desirable consequences, such as the division of Europe into two trading blocs. I was reading a very interesting dispatch on this matter from London, a Canadian Press dispatch of June 27, which I would like to quote from the Toronto *Globe and Mail* because it explains this development in terms which are of very great interest to this country. It deals with the relationship of

this development to commonwealth trade, and the article has this to say:

To counter this—

That is, to counter the common market.

—negotiations to form a little free trade area were launched last month by countries outside the common market. British officials express the hope that the agreement among the seven will be signed by the end of the year and will be ratified early next year.

The little free trade area hopes to start operations July 1, 1960, with a 20 per cent tariff cut. This would correspond roughly to the tariff cuts expected to be made by the six members of the common market.

It is interesting to speculate what this kind of tariff cut may mean to Canadian and commonwealth trade. The minister told us last night that we can take assurance that all these countries are in GATT, and they have their responsibilities under GATT to carry out, which it is assumed they will maintain. A member of the British government, Paymaster General Maudling, who has had a great deal to do with this development on behalf of the British government, is quoted as saying that the principal aim of the outer seven is to prevent the further disintegration of economic unity in western Europe. Of course that is an aim which we naturally support in Canada. Then he went on to say:

The little free trade area should help pave the way for the establishment of a multilateral association on a non-discriminatory basis that will embrace all members of the O.E.E.C.

If that happens, that will be a desirable development provided it happens in such a way that barriers are not raised in this European area against other countries. The article concludes by saying:

British officials view the formation of the little free trade area as a move to facilitate development of a larger free trade area and to maintain the coherence of the O.E.E.C.

They concede, however, that some commonwealth countries "may be concerned" about whether formation of a second trading group is the right way to achieve greater European economic unity.

So while this new development, this second European group, may lead to a larger European development, it may not. If it does not it will be a move in the wrong direction. If it leads to that European free trade area it will be a move in the right direction, as I think Canada would see it, provided it is done without raising unnecessary trade barriers against the outside world.

Not long ago we had the pleasure of welcoming to Ottawa one of the men who has perhaps done more for European economic political integration than any man alive, Mr. Jean Monnet. I remember talking to him—and I have great respect for his experience and judgment in such matters—about the possible consequences of this development. He said nothing could be more important, in his opinion than the establishment of the right kind of economic co-operation beween those European countries and the United States and Canada.

I know I do not need to preach on this subject to the minister, because I know these are his own views as well as those of all hon. members who are interested in Canadian economic development. But nothing could be more important than beginning this work of association across the Atlantic at once, before this development hardens and proceeds so far that the arrangements are frozen.

I might mention in this connection, that meetings were held last month to consider arrangements for developing a Latin-American bloc, and if this process continues in other parts of the world then instead of having nationalist protection groups we shall, or we may, have bloc protectionist groups. That would be a more harmful thing for Canada than for any other single country in the world; harmful both economically and politically, because our bloc then, would be the North American bloc, and while we can take a good deal of pride in our North American association we do not want to be completely identified with it, either economically or politically.

One of the areas where such a bloc might develop would have, as its key nation, Japan. Mention was made by the hon. member for Ottawa West and others of the importance to Canada of increased trade with Japan, and the minister has acknowledged that importance. In 1956-57 Japan took more than one third of the quantity of wheat supplied to the United Kingdom, and in the next year 1957-58 Japan took 38 million bushels as against 104 million bushels which went to the United Kingdom. This has been an important trade development. Even though the figures for exports to Japan last year were down, wheat exports had increased. Perhaps there is no area in the world where the possibility of increasing our grain shipments is greater than Japan, because Japan and other eastern countries are switching from rice to wheat and barley and that presents very great opportunities for Canadian exports if we can exploit them.

This emphasizes, if emphasis is necessary, the great folly of taking action against Japanese exports to this country, action of a kind which would give the Japanese government perhaps no alternative, in view of public opinion in that country, but to take retaliatory action against our exports to Japan, which are already two or three times greater than our imports from that country. I know that certain circumstances have to

be met, especially in the textile industry. I know there are special difficulties there, but I should like to underline once again that if we attempt to overcome these difficulties in a way which would provoke legitimate retaliation against us, we would suffer in this country far more than the textile industry could possibly be helped.

This mention of Japan as a possible market for larger quantities of our grain leads me to the consideration of the more general question of agricultural exports, especially the disposal of farm surpluses. In our country these are becoming burdensome, though not as burdensome as they are in the United States, a country whose economy is, however, better able to support such a burden. A little less than a year ago the United States government reduced its barter program by which it had sought to dispose of its agricultural surpluses, and we were encouraged by that move which was made because the Americans found that that kind of operation cut into cash sales. They were worried about that, and also they were getting complaints from their friends, and from Canada in particular, about the effect of these barter sales on their exports.

As I say, we were encouraged by that decision to reduce this barter program, but the minister will recall that last November the program was restored on account, I think, of congressional pressure, which is very difficult to resist and difficult for a foreign government to counteract. At that time Canada was assured that even though the barter program was to be restored there would be no interference with normal commercial markets.

I am not sure whether this was a formal assurance. In any event that assurance does not seem to have been realized, in the light of what has happened since that time. Last year, I am informed, United States barter deals amounted to about $65 million. This year the figures show that from January to March alone United States barter deals amount to $60 million, and the monthly figures are now running higher. During this year barter deals in agricultural products may amount to a figure as high as $300 million.

It may well be that any representations we make at Washington on that score would be prejudiced by our export policy with regard to agricultural products, necessitated by our own price support program in Canada. The minister will undoubtedly have seen the remarks of agricultural secretary Benson on July 13, when he was talking about Canadian-United States trade in agricultural products. He is reported by the Canadian Press as having said, "I believe that generally it would be in both our interests to remove restrictions and provide freedom in our trade."

I do not know whether this was a free trade offer from a member of the United States cabinet or not. I suspect that it was pretty loose, probably looser than the proposal made by the United Kingdom a year and a half ago. However, he made it clear that he was deeply concerned over what he described as a rather restricted attitude of the Canadian government on some farm products, particularly turkeys. He is reported in the Montreal *Star* of July 13 as having said that United States turkey growers were "quite upset" over what amounted to a virtual Canadian embargo on turkey imports. The United States are now trying to get Canada to relax the curbs, and he was hopeful something would be done soon, he added.

Probably Mr. Benson, who has been so upset about this, will now be more understanding with regard to Canadian protests over United States policy in these matters, which has been carried to a far greater length than anything which has been done by Canada in this direction. He was particularly alarmed not only about turkeys but about Canadian hog production and the export of hogs under what he described as subsidized prices. It is a little ironic, it seems to me, to have the United States Secretary of Agriculture expressing such alarm over this type of trade when we have been attempting to make an impact on their consciences in Washington for many years in respect of exactly the same type of thing carried to greater extremes on the part of their own authorities.

The minister has mentioned in the house that one way of dealing with our agricultural surpluses is by international arrangements for their disposal. I agree that if it can be done in that way, that is of course the right way to do it. We have been considering this matter with perhaps inadequate success for a great many years. In recent months we have perhaps been able to take some encouragement—we are not sure how it will work out in practice—over President Eisenhower's food for peace proposal and the wheat utilization committee which I think originated in the proposal of the President. The Minister of Trade and Commerce referring to this matter is quoted as saying that this committee is:

> —designed to avoid swamping the world's normal commercial markets with wheat give-aways.

But the *Financial Post* of May 16, to which my hon. friend referred in another connection,

had this to say about the wheat utilization committee through its Washington correspondent:

> There is a shaky future ahead for the new international "food for peace" committee to coordinate wheat surplus disposals to hungry nations. Stripped of its flowery phraseology, the communiqué establishing the committee stands as a rather indecent skeleton with a few bones missing. Whether the missing bones and any flesh will be added depends entirely on United States attitudes.

That may well be the case. If the United States wishes to establish a committee for the purpose the minister and I have mentioned it may become an important agency in the resolving of the agricultural surplus problems. Otherwise it will not mean much and will be just another committee.

I do not want to be entirely pessimistic in this matter, but perhaps our previous experience gives us some cause for hesitation about the results of a committee of this kind set up by Washington. Indeed, the United States may conceivably use this committee as a screen behind which it can get rid of even more surplus agricultural products and stifle criticism through the committee by emphasizing that it is part of an international humanitarian policy. That is perhaps why it would have been more effective to have done this through the food and agriculture organization of the United Nations. I am not criticizing the government on this matter, because perhaps it could not have been done in this way; but if it could have been done through that organization it might have been more effective in that sense.

When the minister speaks again I should like him to give us a little more information about the work of this new committee. When it was announced in May there appeared to be some confusion and contradiction about its function, and the minister was reported in the *Financial Post* article of May 16 to which I have already referred, and which quotation I have already read, as having said:

> —the committee is designed to avoid swamping the world's normal commercial markets with wheat give-aways.

But Senator Humphrey, who was a strong proponent of the idea and perhaps one of its initiators, at that time saw in this committee a method of moving, by give-away and barter sales for local currency, some of the United States wheat surplus which this year according to Secretary Benson may reach the figure of 1,400 million bushels. He thought that through a committee of this kind the United States might be able to dispose of 2,500 million bushels in barter or for local currency over the course of five years. After that meeting in May the Minister of Trade and Commerce and the Minister of Agriculture, who were in Washington, claimed that the new committee would ensure that the United States would not make any surplus disposal deals without consulting others on the committee. Presumably that is the main purpose of the committee, consultation before entertaining deals of that kind.

At that time, as the minister may remember, Secretary Benson did not accept the obligation of automatic consultation. If I remember his words correctly he restricted it to consultation only after a specific objection was made by a member to a proposed deal. I agree that later in June he was a little more forthright about the way the committee would work. I hope the minister will be able to reassure the committee in regard to the operations of this wheat utilization committee, and will tell us that it is not going to be used as a smokescreen behind which the United States will dump more and more wheat on world markets, especially by barter sale.

There was another development in recent months which was offered to us in the house as providing some encouragement in the disposition of our wheat surplus and that was the organization of a NATO food bank. This proposal was first made some time ago by the Prime Minister, but at that time—and I think it has been made pretty clear since—it was not taken very seriously at the NATO council. Indeed at that time I believe the United States rejected the idea, and certainly I have no information that there was a serious discussion on a political level of the desirability and possibility of a NATO food bank being established. I remember that the Secretary of Agriculture, Mr. Benson, was quoted in the Vancouver *Sun* of May 8, 1959, as having said:

> I never thought much of the idea. When you pin it right down most of the interest is in the United States providing the wheat and paying the storage.

That has certainly not been borne out by events. What is this new proposal? It is, I think, that $10 million should be used for wheat and flour for a NATO food bank, if and when that bank is set up, and that there should be $2,500,000 appropriated to reimburse the agricultural commodities stabilization account for dried skim milk donated to international relief agencies, organizations and governments. That was announced at that time

The reaction of some members to this proposal was pessimistic, and that pessimism is perhaps justified in view of the fact that we have made a contribution to a NATO food bank but we have no assurance—perhaps assurances could not have been expected at that time—but we have no reason to believe that the $10 million we have in our estimates for the NATO food bank can be used for that

purpose by the setting up of such a food bank through NATO in Paris to which all of the members of NATO would subscribe.

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

The Deputy Chairman: It being one o'clock I do now leave the chair. May I remind hon. members that the committee will reconvene at two o'clock.

AFTER RECESS

The committee resumed at 2 p.m.

Mr. Pearson: Mr. Chairman, at one o'clock I was discussing disposal of our agricultural surpluses, particularly in relation to United States policy in this matter, and had just begun to mention another mechanism which the government hopes will be of help in this direction, through the establishment of a NATO food bank. Of course at the present time this bank is nothing more than a proposal on the part of the government. Unless that proposal is accepted by the NATO members, and more particularly by the United States of America, it is not likely to be very effective for the purpose the government has in mind.

Up to the present, at least as far as I know, the United States has shown no disposition to be enthusiastic about this scheme. If the minister thinks I am being unduly pessimistic about the prospects in regard to the NATO food bank, perhaps I could quote a couple of sentences from an editorial in the Toronto *Globe and Mail* of June 5, which is not, I must say, too optimistic about this proposal. The editorial is entitled:

What Food Bank, Where?

It begins in this way:

There is probably no law against it, but it is certainly questionable procedure to ask parliament to vote money for non-existent institutions. Yet this is what Prime Minister Diefenbaker has done in explaining a $10 million item in the supplementary estimates for the storage of flour for a North Atlantic Treaty Organization food bank.

Perhaps I made a mistake earlier when I said $10 million for wheat and flour. The editorial ends in this way:

The proposal is hard to take seriously. Is it really anything more than an effort to dispose of an embarrassing surplus? If Canada's flour cannot be sold profitably in normal markets, it would be far better to make it into bread and give it away to the world's hungry. That, at least, would give some meaning to our money.

In the same paper, the day before, Mr. Duffy, the Ottawa correspondent of that paper, had this to say:

Until there is international agreement and the food bank is established, this is merely agricultural price support smelling as sweetly by another name, with the cost put on the account of external affairs, instead of the Department of Agriculture.

In so far as the milk powder operation is concerned, he described it as a straight bookkeeping transaction, with the debit again being dumped into the external affairs account or, in effect, as he said:

The agriculture department has sold external affairs a lot of milk.

In view of what the Minister of Agriculture has said earlier in this session, it may not be too easy for the Department of External Affairs to dispose of that milk, in spite of an optimistic statement by the Prime Minister in the house. The Minister of Agriculture said some weeks ago that though the Canadian government offered 30 million pounds of this powder as gifts to international relief agencies in January of 1958, to date only 18 million pounds has been taken. Perhaps we should not expect too much of this NATO food bank idea as an immediate means of disposing of our agricultural surpluses, valuable as the idea is and much as we hope it may be implemented as a truly effective NATO plan.

There is another point I would like to mention, which is an important one, or should be an increasingly important one in export trade. In this connection it is not a question of competing with the United States in world markets; it is a question of one of our products trying to get into the United States market, its natural and its important market. I am referring, of course, to oil. The government, and indeed the house and country generally, have taken satisfaction over the lifting of the mandatory restrictions which were imposed by the United States government on our exports of oil to that country some time ago. It is true that, whether as a result of that lifting or for other reasons, there was a 15.6 per cent increase in our exports of oil to the United States in the last month over the preceding one; but, as the financial editor of the Montreal *Gazette* said on June 30—and he has written a great deal and I think with intelligence and common sense on this matter—this increase in our exports of oil to the United States did not result in any production benefit in Canada, because it was more than offset by a drop in the demand for western oil in Ontario owing to an increase in imports in that part of Canada from the United States and from Venezuela. I quote a paragraph from his article on that point. He said:

The matching of sales to the United States by American sales to Canada strengthens the suspicion that there is not, and hasn't been for some time, a "natural market" for oil and petroleum products.

Perhaps it is difficult indeed to talk realistically about a natural market for a product of this kind which is under such complicated and important international corporation control. We all hope that our exports of oil to the United States will increase. Notwithstanding the difficulties of using the term "natural market", it would seem that this part of the United States, the northwest and the west, is or should be in a rational economic world the natural market for our oil. Yet there are important incentives to United States companies to import from other sources than from their Canadian subsidiaries, and those incentives are going to make it difficult, I think, notwithstanding the removal of restrictions, to increase our exports to that country.

One difficulty is that Canadian exports of oil to the United States market are prorated over all the Canadian companies. The United States subsidiary in Canada must therefore share its export business with competing companies, but that is not the case with the United States subsidiary in other parts of the world. Second, the margin of profit to a United States company is much greater in oil from other areas than from Canada, especially, I suppose, the mid-eastern oil fields. Then there is and will be heavy political pressure on United States companies in these foreign fields, especially the Middle Eastern fields, to take the maximum amount of oil from these fields for the United States, because the more oil the United States companies take the greater the royalties will be to the local governments or rulers, and any reduction of United States imports from these fields to the advantage, if you like, of Canada would mean, and indeed has meant in the not too distant past, threats of nationalization by these local potentates.

We must remember also in connection with this oil problem that paragraph C(2) of the presidential proclamation exempting Canadian oil from quota restrictions made it perfectly clear that the quotas would be re-established if Canadian oil began to compete with United States oil through large volumes of imports. Therefore, Mr. Chairman, perhaps the Calgary *Herald* was being quite realistic when it said in an editorial on May 4, 1959:

> It is quite possible that the lifting of the United States import quotas will do Canadian independence and Canadian control of its resources a great deal of harm. . . . Keeping the trade lines flowing west to east and vice versa is Canada's age old problem. It may soon be clear that the United States import decision, which will probably bring only slight economic relief, will exact a greater price from Canadian independence.

[Mr. Pearson.]

No doubt what the newspaper meant is that if because of the removal of these restrictions we assume that our oil is now going to move easily across the border into the United States and production can go up for that purpose, and we lose the interest in the eastern Canadian market that has been created in the past because of restrictions, perhaps in the long run we will suffer by this removal.

The minister is quite as aware as any member of the house that notwithstanding this action taken by the United States government, the long range problem remains of ensuring a market for our Canadian oil to take care of increased production and that if that market, through one method or another and in spite of United States governmental action which may seem to benefit us, becomes impossible in the northwestern states or is limited to that area, one day the question of marketing that oil in eastern Canada will have to be faced seriously.

I know, as the minister knows, the difficulty that will involve, the governmental intervention and governmental interference that might involve, and I know that the lines of this trade at this time at least should be moving north and south across the border. But if that cannot be done, and if it becomes clear that even without restrictions that is not going to be done, then any government in Canada faced with that problem will have to give serious consideration to the action required to market the oil in eastern Canada.

There is one other commodity I want to mention. I have already indicated to the minister that I would be talking about it. It is the problem mentioned this morning by the hon. member for Timiskaming with respect to uranium and the development of atomic energy. I know the Canadian government has made certain bilateral agreements to facilitate and increase the marketing of this essential commodity, which has now become such an important factor in our export trade that this year the figure may reach $300 million or more. This puts it right up in the top half dozen commodities.

I believe, and the minister will correct me if I am wrong, that agreements have now been reached, apart from our agreements with the United States and the United Kingdom, with Pakistan, West Germany, Japan and I think with Switzerland. If there are any additional agreements perhaps he will inform the committee. I wonder whether under these agreements, apart from the United Kingdom and the United States, any contracts have been signed for the supply of uranium itself.

I am also anxious to know—the minister mentioned this matter this morning, and gave

us some assurance in this regard—whether the stipulations we are observing because we signed a United Nations convention to this effect—and it would have been impossible for us not to have done so—in respect of guarantees for the non-military use of uranium are being observed by other exporters. I think the minister has set at rest some of the doubts we may have had from press reports on that score, but it would not be a very happy position for Canada if, having scrupulously observed the provisions of an international agreement in this regard which do bind our hands in some respects, we found that competing countries were not taking the same scrupulous attitude toward these agreements.

The other day the minister announced in the house the signing of an agreement with Japan; but that agreement, important as it may become, is not of the same type as the agreement which the United States signed with Japan a year or two ago and in which were included provisions for the actual supply of uranium. In the agreement of June, 1958 the United States makes available over a term of ten years a net amount of 2,700 kilograms of uranium 235 sold or leased to Japan for use in research and experimental work with power reactors. But I understand that our agreement with Japan is merely an enabling agreement, that there is no assurance that any uranium will be sold under that agreement, and that there are negotiations proceeding at the present time with Japan for the implementing of this agreement by an actual contract for the sale of uranium. If the minister can inform us about that matter it would be interesting information for the committee to receive.

There is no doubt, as the hon. member for Timiskaming pointed out, that we are going to be subjected to the stiffest kind of competition from the United States and perhaps also from the United Kingdom in the supply of uranium, and I am not sure that the kind of competition we are facing from the United States is equal competition any more than it has been in the case of some agricultural products.

The United States certainly have the jump on us in this matter. They made their agreement with Japan a year and a half ago; I understand they have now made 17 other bilateral agreements, and that a part of most of their agreements, which I do not think is included in our agreements, deals with the sale by the United States government on easy terms of reactors which are, as was pointed out this morning, designed to use only enriched uranium, the kind we do not produce but which is produced in the United States.

For instance, in the agreement the United States have made with the European atomic agency, EURATOM, they have included provision for a long term loan of $135 million and a ten year guarantee with respect to the supply of enriched uranium. Therefore this is going to mean very stiff competition indeed for our uranium producers even if we are able to make agreements with all these countries.

The United Kingdom is also entering this field in a big way. The United Kingdom as I have said, has made a ten year agreement with EURATOM. I do not know whether as part of that agreement or as part of the negotiations United Kingdom reactors are to be supplied to these European countries, but I have read that the United Kingdom Dragon reactor is the choice of 12 of them. If these European countries do use that kind of reactor we may find we have again been left behind in what is becoming a highly competitive field.

I hope that will not happen as much as the minister does, but while I do not go as far as the hon. member for Timiskaming in condemning the lack of arrangements and the lack of planning in this regard, I say it would be unfortunate indeed if the Canadian type reactor, which we are led to believe is as modern, as advanced and as efficient as any in the world, is going to be pushed aside for United Kingdom and United States reactors which use enriched uranium because of financial and other advantages in the agreements made by the United Kingdom and the United States.

It is therefore of the greatest possible importance, as was emphasized this morning, to get our CANDU reactor built soon in Canada, to show what it can do and to try to make the maximum progress possible in providing Canadian reactors and Canadian uranium in the world market. I know the minister has announced that the first Canadian power reactor should be in operation in 1964 or 1965. I know that plans have been made to that end. I should like to ask the minister whether any other provinces have shown any interest in this project and have requested reactors for power purposes, and whether the government is in touch with the provinces for the purpose of encouraging that kind of development. It certainly is necessary, as I pointed out in the beginning of my remarks, that both industry and government at the provincial and federal levels show initiative, drive and planning so we will not be left behind, not only in the international market but perhaps at home.

The importance of this matter in terms of the future was stressed by the chairman of the Ontario hydroelectric commission, Mr.

Duncan, in an interview on June 12, when he said that once the first big nuclear plant is built, relatively rapid progress would take place, and by 1980 about one-third of the total Ontario power production may come from nuclear energy. However, about a day later in the same newspaper there was an article by the same writer, Mr. Anderson, pointing out the fact that Canadian industry is not showing boldness, initiative and drive but is leaving too much to Atomic Energy of Canada Limited. If this is related to what Mr. Duncan has said, if we are, as he has suggested to get one third of Ontario power resources from nuclear energy by 1980, then industry, according to this article, will have to show more drive and initiative than has been the case in the past.

I do not need to dwell on the importance of this matter. The minister knows its importance. It is important not only to export trade to build these reactors and develop power from atomic energy, but it is important also from the point of view of domestic development in this connection. We have a particular situation at Elliot Lake, which is the world's largest uranium producing area, I suppose, at the present time. That whole community, as the minister mentioned this morning, is uneasy about the future and has a feeling of insecurity because the contract with the United States, which takes practically all the uranium from the area, will expire in 1962.

The minister pointed out that five or six years ago it was impossible to foresee future production. But we know now that there has been a great increase in United States production of uranium. While the markets of the world around 1970 or 1972 may require all the uranium that can be produced in the world, if some steps are not taken between 1962 when this contract expires and those years when the peaceful uses of atomic energy will have developed to bridge that gap, then this community may disappear.

Elliot Lake has been constructed to last. It is a thriving, progressive community whose people have pride in it. But it might suffer to the point where it would become like the ghost towns of the thirties. This is a problem that weighs on everybody's mind in that particular community. The sooner, therefore, the government can make some announcement of the intention of the United States to renew the option which expires in 1962, the better it will be not only for that area but for our whole uranium trade.

I suggest to the minister that if the United States government is to be prevailed upon to renew these options it will require diplomatic pressure at the highest possible level. It may even require, and perhaps it should, intervention by the Prime Minister with the President. This is a matter of major importance. I remember that a few months ago the director of the division of raw materials of the United States atomic energy commission speaking in Wyoming made a very gloomy prediction from our point of view concerning the future markets for uranium in the United States. He said at that time that it was expected the United States government's uranium procurement program would be based primarily on the utilization of its own resources.

But he also said at that time that in the latter part of 1948 they had an urgent military requirement for uranium. As one who was in the government at that time I know how urgent that requirement was. I know the pressure that was brought to bear on the Canadian government to make every possible effort to get this field going, and that was done. We were told that in doing so it was not only important from the point of view of commercial development in Canada, but it was a great service to the defence of the free world that this vital strategic material should be in abundant supply in time for the United States to build up its atomic weapons as a deterrent against war.

As I have said before in this house and perhaps I can repeat now that after having done that, after having built this community in Elliot Lake—not a community of shacks which could be torn down, with the people stealing away to find other jobs when the uranium mines were out of commission, but a community which has been carefully planned and built, that having done this and the United States now having found uranium in their own country, are they going to come to Canada and say, we now have uranium of our own; thanks very much, and good bye? This would be an intolerable situation.

I can only express the strong hope, which I am sure the minister and every member of this house shares, that the United States government will not take that position but will renew the options and thereby ensure that there will be full activity in this area from 1962 until the time comes, as it certainly will come, when this district and other uranium districts will not have to depend on atomic weapons because of the development of atomic energy for non-military purposes.

I suggest also to the minister that a very good place to locate that reactor would be in the Elliot Lake, Blind River, Thessalon

area, not only because it is suited for that purpose with a good rock foundation and an abundance of water as well as a great supply of uranium, but because in this period from 1962 to 1970, a period which may be difficult for these people, this would give them a feeling of security. The construction of this plant would help out and would help remove this fear which is hanging over them now. I am sure the minister knows all about it, because he had a visit from the chamber of commerce the other day, and I am sure they made an impression on him.

It seems to me that I have detained the committee for a long time, but I do not apologize because the matters I have brought before the committee are important. I have tried to deal with them in a constructive way, and I hope the government might give consideration to these suggestions.

(Translation):

Mr. Pigeon: Mr. Chairman, I do not want to delay the passing of the estimates of the Minister of Trade and Commerce (Mr. Churchill), but at the request of farmers and grain merchants in the district of Joliette-L'Assomption-Montcalm, I want to say a few words on their behalf. It is about the grain elevator, at Sorel, where dealers in my riding are now barred from fetching their grain by truck. The elevator operators refuse to load the trucks of dealers of my district and also refuse to store their grain for domestic consumption.

Five ridings to the north of Sorel, and six to the south, have been taking their grain from the North American Elevator at Sorel for the past 40 years. As you probably know, the Sorel elevator is closest to our farms and, consequently, dealers could get their grain at much more favourable transport rates and subsidies than if they had to fetch it from other ports.

Mr. Chairman, that information has been given me by a number of dealers in my district, and more particularly by Mr. Brissette, owner of the firm J. W. Brissette Registered at St. Felix de Valois, in the riding of Joliette, who wrote to me about this.

The Sorel elevator is managed by Mr. Robert Campbell, who is also president of two important shipping firms. Last spring, he flatly refused to stock grain for the domestic market giving as a reason that he makes much more money with less trouble by stocking, loading and unloading only grain for export, which he receives from the wheat board and other Winnipeg exporters.

Therefore, Mr. Chairman, I am asking that this gentleman, who is licensed by the wheat board, conform to the terms of that licence. If my information is accurate, the owner of the Sorel elevator has no right to refuse district dealers to go and fetch their grain by truck and, in addition, has to let them store their grain for local consumption.

At present, dealers in my district have to go and fetch their grain in other ports, in Montreal for instance. Transport costs are consequently much higher, and the farmers have to foot the bill.

Would the hon. minister please draw the wheat board's attention to that situation, so that this citizen of Sorel might be requested to conform to the terms of his licence, if he wants to keep it.

Therefore, this gentleman should first be asked to store enough grain for domestic consumption, and second, to allow dealers in my riding to go and fetch their grain by truck.

Those, Mr. Chairman, were the few remarks I wanted to make in the interest of the farmers and dealers in my district.

(Text):

Mr. Tucker: Mr. Chairman, our fisheries are one of the most important industries in the Dominion of Canada, and are contributing more and more to the wealth of our great country. The fisheries are undoubtedly one of our mainstays and one of the chief factors in the wealth of our great dominion which stretches from the Atlantic to the Pacific. We may spend huge sums of money on mineral products and open newly discovered mines; we may spend millions on agriculture and give every assistance possible to our farmers, yet we will not have an industry any greater or more helpful to the economy of Canada than our fish industry.

It was Lord Bacon who said that the fisheries of Newfoundland alone were richer than the mines of Mexico and Peru. Every year thousands of dollars worth of codfish, herring, lobster, salmon, squid, caplin, turbot, halibut, sole, mackerel, shrimp, scallops and many other species of fish are caught. To minimize the importance of any part of the industry, or to neglect a facet or problem pertaining to any province could, in my opinion, have a drastic effect. I now refer particularly to Newfoundland and the cancellation of the NAFEL licence as of June 15, so they would no longer have the sole right to export Newfoundland salt codfish to foreign markets.

There was no mention, or for that matter any intimation, of concern by the government of Canada as to how this would affect the general economy of the Newfoundland fishery. There were therefore many questions left hanging unanswered with respect to this announcement, because of which there are many who are now asking these questions and are showing great concern.

Will the Newfoundland exporters be protected? Can the price level be maintained? To whom should we look for these answers? While there may have been some dissatisfaction or misunderstanding with the Newfoundland Associate Fish Exporters Limited, mainly because the organization was composed of exporters only, and though it may have been looked upon as a combine, it constituted a protection to the industry, a protection which at the present time we do not have.

A combine of any type which solely involves private enterprise is not always favoured, either at home or in the markets, and we look to the government of Canada for something to take its place. We want a control that will give protection and at the same time concern itself not only with exports but with the welfare of the industry as a whole, and of course we need a set-up that will establish better relations in our foreign markets. For ten years since confederation the life of NAFEL had been repeatedly extended while something else was being sought to take its place. The solution to this problem was always considered the prime responsibility of the government. Why all of a sudden was it dropped, leaving the industry with no protection at all?

There seems to be a tendency to overlook some of Newfoundland's problems or to treat them with a "who cares" or a "so what" attitude. The announcement of the cancellation of NAFEL came at a time when other actions concerning Newfoundland, bearing much the same stigma, were taking the limelight. NAFEL's licence has been cancelled by the government, but as far as this house or Newfoundland is concerned it has not been replaced by anything better.

In conclusion I would stress the importance of increased and concentrated effort on our behalf in research and investment in the fishery industry here in Canada. It can be concluded that a greater part of the future world economy must and will stem from the products of the sea, and there is no reason why Canada should not be prominent in such a picture. It is therefore hoped, Mr. Chairman, that those responsible will not overlook the role that Canada can and must play.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, I should like to take no more than five minutes of the committee's time to put forward to the Minister of Trade and Commerce (Mr. Churchill) a request concerning his department's general policy, which in fact has hardly changed since the Conservative party took office. Without discussing his department's general policy at any great length, I merely wish to mention a point about which many discussions took place and promises were made in the last two election campaigns. I refer to the wheat question.

I read in a paper, not so long ago, perhaps two or three weeks, that the Canadian government will have to pay $40 million in storage fees alone for Canada's surplus wheat. That is quite a contrast with all the promises we had heard in this regard.

Another point I wanted to discuss is the lack of small industries in my constituency and area. As my colleagues know, I come from Lake St. John, where tremendous water resources are being used by companies which, I must say, have been of great benefit to the area. Unfortunately, the Aluminum Company has lost a large part of its foreign markets, particularly in the United Kingdom and France and, as a result, there have been lay-offs in Arvida that are causing great hardship to the citizens of my constituency and to those of the neighbouring constituency of Chicoutimi.

The same thing happened to the Price Brothers company, which operates two mills, one at Jonquiere and the other at Kenogami, in my riding. Many workers at the Price Brothers mills are now putting in only 28, 30 or 32 hours a week. I am sure it is no fault of the company because, there again, foreign markets play their part and heaven knows that Price Brothers have a very long and creditable record in the development of natural resources in the Saguenay-Lake St. John district.

Here is what I should like to ask the minister: about six or eight weeks ago, the mayors of municipalities in the four constituencies of our area came here to meet the Right Hon. Prime Minister of Canada (Mr. Diefenbaker) and the Minister of Labour (Mr. Starr). The Minister of Labour, after having considered the brief submitted by the committee of our district, did not hesitate to tell us, in all frankness, that what we needed most was small industry. We have aluminum and pulpwood, but if foreign markets fall off, and men are laid off, hardship results.

I am not trying to play politics with this, Mr. Chairman, but I say that my constituency, at the present time, is one of the hardest hit by unemployment. That is why I ask the minister whether it would not be possible next fall, to send out into our area some experts from the federal Department of Trade and Commerce, perhaps from the division of industrial development, to consider the possibility of developing some use for by-products of our aluminum or pulpwood.

I know that the aluminum company itself has done research in that direction but, on the other hand, I also know that the chief concern of the aluminum company is to market its own products.

It seems to me that our people, municipal authorities in Chicoutimi, Jonquiere, Arvida and Kenogami, should set up a bureau, some sort of industrial development office which, with the help of federal government experts, could perhaps find ways to help us set up small industries that would absorb some of the men who were laid off because of declining world markets.

I therefore ask the minister to be kind enough to say a few words on this matter when he replies to the other members who expressed their views on the first item.

(Text):

Mr. Carter: I was interested in the remarks made by the hon. member for Timiskaming this morning. As my leader has pointed out, the leading demand for uranium in the future will be through its purchase for use in reactors for the production of electric power. The industries of Europe are power hungry, and as they expand they will have to rely on other sources of power. Just as coal is giving place to oil, I think in the future we can look forward to a time when oil itself will be displaced by electrical energy produced from nuclear reactors.

Both the United Kingdom and the United States have pioneered the development of reactors for this purpose, the United States using one kind of uranium and the United Kingdom using another. The United States has already taken steps by an aggressive trade policy to safeguard her position in the world market and, possibly, to secure control of it. The competition, therefore, is between the United States and the United Kingdom, and it will be a competition between the pocketbook of the United States treasury and the skill and experience of United Kingdom scientists and engineers, who will have to offset their dollar disadvantage by increased efficiency in their plants and by reduced costs of production and operation.

It seems to me that here is an opportunity for Canada to assist the United Kingdom and to help herself at the same time. I have been told that one of the problems with regard to producing uranium is the disposal of the heat generated in the process and, as the hon. member for Timiskaming has pointed out, at Hamilton falls in Labrador we not only have an abundance of energy but we also have cold water, a refrigerant which would take care of the heat problem. I do not pretend to know enough about the economics of the industry to be able to say whether it is cheaper to bring the Hamilton falls power to the ore or carry the ore to the power, or whether the advantage of having this cold water is enough to offset the shipping costs, but it seems to me we should try to overcome these difficulties and arrange an agreement in co-operation with the United Kingdom by means of which we could help Britain to meet the competition from the United States. By doing so we should be not only improving the position of the United Kingdom but advancing and safeguarding our own interests as well.

My real reason for rising at this time is to ask the minister whether any effort has been made by Canadian companies with or without federal assistance, to establish flour mills in Nigeria. Nigeria is a large country with a population of 50 million people, three times that of Canada, and next year she is going to have an independent government and will become one of the leading nations of Africa. I am told that the Nigerians consume a considerable quantity of flour which is milled in the United States. It seems to me that we should try to have Canadian mills established in Nigeria so we can ship over the wheat and they can take advantage of their low labour costs to supply themselves with food at a fairly cheap price. I am sure if we do not take this step the United States will. In my opinion this is the kind of action we should be taking in these new countries to ensure future markets to take care of our surpluses.

I would hope that something like this could be done not only with respect to surplus wheat but with respect to surplus fish. In Newfoundland at this time of year we produce a large surplus of small trap fish a great deal of which cannot be economically processed either by salting or by freezing. I should like to see the Department of Trade

and Commerce get together with the Department of Fisheries to see if some way cannot be worked out to can this fish so it could be made available to countries like Nigeria and other African countries at a price which they could afford and which would not require them to go to the expense of setting up expensive refrigeration facilities. I am sure if we can do something like that we will not only be securing markets for future surpluses, but we will be putting our surpluses to a good ideological use.

Mr. Garland: Mr. Chairman, I should like to take advantage of this opportunity to say a word or two in support of the representations that have been made to the Ontario hydroelectric power commission and to the minister in connection with the possible location of the nuclear power plant in the Sturgeon Falls area. I recognize that on this point I have a friendly difference of opinion with my leader.

Mr. Pearson: I urge the minister to pay no attention to the hon. member.

Mr. Churchill: That lets me out.

Mr. Garland: However, I am sure the minister will be able to give my request appropriate consideration. This is the first opportunity I have had to mention this to the minister.

I received communications only yesterday to substantiate the representations that have been made over the past year by the municipality. I quite recognize the role the Ontario hydroelectric power commission plays in the choice of these sites and I would point out that on August 7, 1958 the town of Sturgeon Falls wrote the commission requesting that consideration be given to that town as a possible site for Ontario's first full scale nuclear power plant. On August 10 there was an acknowledgement from Mr. Duncan, chairman of the board, advising the municipality that Sturgeon Falls was the first municipality in the province of Ontario to make application for this plant.

Those who are living in the district of Nipissing and particularly the people in Sturgeon Falls feel that the area is well suited as a location and is capable of taking care of this development. There are large areas of land available and all the water that is necessary. There are transportation facilities and good communications in the area. Sturgeon Falls is strategically located in northern Ontario. I would appeal to the minister at this time to give the request from the municipality of Sturgeon Falls the fullest possible consideration.

Mr. Martin (Essex East): Mr. Chairman, I do not rise to interpose myself between my leader and the hon. member for Nipissing, but if the minister does have any difficulty in that regard I am sure he will recognize the value of the invitation that I now extend to him to see that this plant is situated in Essex county.

I rise at this time simply to point out something which I believe is of great importance particularly to southwestern Ontario, and as well to the agricultural community in Canada generally. I realize there is an overlapping between the Department of Agriculture and the Department of Trade and Commerce, but as this is a matter of international trade it will be of primary concern to the Minister of Trade and Commerce.

I believe there is some apprehension felt in Canada—and I am sure the minister is aware of this—concerning action on the part of some agricultural organizations in the United States, among them, the American farm bureau federation, and the suggestion that their representations to the government of the United States be accepted for countervailing duties against certain agricultural products from Canada. This is a matter of very great importance. When one looks at the statistics of Canadian exports of hogs and cattle, he will appreciate the significance of this trade to Canada.

For instance, I note that in 1958 Canadian exports to the United States were estimated at 62 million pounds of pork, along with 54 million pounds of beef and veal and 636,862 head of dutiable cattle. This represents a 126 per cent increase over 1957 for pork, a 13 per cent increase over 1957 for beef and veal and a 74 per cent increase over 1957 for dutiable cattle. If there were any serious interference with these exports to the United States it would be a matter of great concern for the Canadian hog producer and cattle dealer.

As the minister knows much better than I do, Canadian hog marketings have increased sharply in the last six months, and were 33 per cent greater during the first quarter of 1959 than in the same period in 1958. Whatever has been the cause of this increase, I am sure we will all recognize that the government price support program has had some effect in this situation.

We have had reverse situations in Canada with regard to United States exports of certain agricultural products during the past year. We have not taken serious retaliatory action, and it would be a matter of the greatest regret if the United States acted on the strong lobby that is now under way in that country for the imposition of countervailing duties. I merely rise to indicate what I am sure is in the minister's mind, and to

emphasize on behalf of farmers in southwestern Ontario in particular their very deep concern about the possibility of action being taken in the United States with respect to this matter.

There is just one other matter I would like to mention on these estimates, a matter I brought to the attention of the Minister of Agriculture the other day but which primarily concerns the Minister of Trade and Commerce. That is an interview given by the secretary of agriculture for the United States on Saturday last to Mr. Harold Morrison of the Canadian Press in Washington, when the former suggested the desirability of free trade, particularly, he said, in farm products, between the United States and Canada. He then amended his statement and said that it would also apply, of course, to trade in general.

I do not want to engage in a theoretical discussion of the desirability of free trade, but desirable as that is as an objective, I think the Minister of Trade and Commerce would agree that one would want to examine why the secretary of agriculture put forward this proposal at this time.

The other day when we were discussing the international wheat agreement, which will start to run from August 1, the minister pointed out that under the new treaty the agricultural surplus disposal policy of the United States, or of any other country, would come under annual scrutiny of the wheat council provided for under article 21 of that treaty. The minister had indicated that as a result of such scrutiny, while there would be no legal prohibition in respect of non-commercial transactions that offended certain countries in the matter of surplus farm products disposal policy, nevertheless there would be a curative effect. It might well be that this statement by the Secretary of Agriculture the other day was intended to provide another way out for the disposal of United States farm products in a manner which would be very damaging to this country.

I come, of course, from the great corn belt in Canada. The counties of Kent and Essex grow 65 per cent of the corn grown in our country. In the United States there is a surplus of 1,500 million bushels of corn, valued at $2,470 million. I associate these figures with the statement of the Secretary of Agriculture. I would hope that if we are going to consider free trade—and I hope we will—it will be done on such terms and in such a manner as not to prejudice the interests of Canadian agriculture and industry generally. The prospect this year in the United States is for a record corn crop of 4,209 million bushels. While much of this may go for need this year, nevertheless it will present the United States with a serious problem. That will be so not only for the government of the United States. If this corn is shipped to Canada there would be the most serious consequences for the corn growers in southwest Ontario.

The same is true with regard to wheat. As of July 1 the wheat surplus in the United States I believe was 1,300 million bushels. That represents $3,500 million of the United States taxpayers' money, and I can very well understand why Mr. Benson should be anxious to find ways and means of getting rid of this surplus. If the minister feels that he has some corrective mechanism through the wheat council under the international wheat agreement, I hope he is aware, as I am sure he is, of the great dangers now implicit in this statement of the Secretary of Agriculture who undoubtedly has in mind seeking to find in Canada a market for some of this surplus corn in particular.

I would not be doing my duty even at this late date in the session if I did not raise this matter on the estimates of the Minister of Trade and Commerce, together with the great concern which farmers generally have for the campaign now under way in the United States for the imposition of countervailing duties that could have such a very serious effect on Canadian hog marketings.

Mr. Winch: Madam Chairman, I also would like to say a few words on trade, but I am after some information. I would like the minister to give us an explanation, if he will, as to the policy and activities of his department in relation to the extension of Canadian trade, in particular as it relates to the United Kingdom. I ask for that information, Madam Chairman, because I find it most difficult to reconcile the statements of the minister with his actions. They seem completely contradictory in some circumstances.

I would refer the committee to the statement that was made by the Minister of Trade and Commerce in this house on Thursday, May 28 of this year. He was making a policy statement which followed the removal of restrictions on certain United Kingdom dollar imports. The minister really waxed enthusiastic about the meaning of this to Canada and the opportunities that would be opened up for further exports of our Canadian goods. I should like to quote just two sentences of the statement made by the minister at that time. They will be found on page 4103 of *Hansard*, in the second column.

The minister had this to say, and he was speaking of the removal of certain restrictions in the United Kingdom:

> This will open up new opportunities for the expansion of Canada's export trade, and will contribute to the desirable strengthening of trade relations between Canada and the United Kingdom.

Further on he said:

> ...but we hope it will not be too long before we shall see the end of the restrictions against dollar goods which the United Kingdom and other sterling area countries have felt obliged to maintain throughout the post-war period.

I think the minister made it clear as to what he felt could be the probable results of the policy actions that were taken in the United Kingdom at that time. But, as I think we all know, you cannot expect to sell goods unless you put on a selling campaign. I have always thought the minister understood that; therefore I was very surprised when, only a few days later, I read a report from one of the best-known columnists of Canada, namely Jack Scott, who is now stationed in the United Kingdom. Under date of June 6 the Sunday *Sun* and a great many of the papers in Canada carried a long column dealing with how this government, how Canada, has approached the opportunity of extending its sales in the United Kingdom. I would like to read the entire column. I will not take up the time of the committee doing that, but I do want to quote a couple of paragraphs. This happens to be a dispatch from London, and it says:

> A pathetic little mound of packaged cheese from Ontario; a single case of canned sockeye salmon from British Columbia; and that was it.
>
> That was the grand total of Canada's contribution to the first exhibition of commonwealth food and drinks which ended here this week and now goes on tour of the British isles, a travelling indictment of Canadian lack of initiative in seeking world markets.
>
> If I were a Canadian in the business of selling any kind of food or drink—or, for that matter, any other exportable product with a potential market in the United Kingdom—I'd be hollering to Ottawa to demand the reason why.
>
> More than a quarter of a million Londoners, it is estimated, have ogled and sampled the goodies from the far-flung corners of what was once the empire.
>
> Now the display is off for Newcastle, Edinburgh, Glasgow and other points as yet undecided—"a howling success" in the words of its sponsors, the commonwealth union of trade, and all too clearly a howling flop for Canada.
>
> Canada, in fact, was the invited guest who not only failed to show, but sent no apology.

Having regard to the statement made on the floor of the house on Thursday, May 28, and the opportunity that was opened up, even if all the restrictions were not immediately removed I think there is something wrong when we have a report from London by one of our best-known Canadian columnists who tells us that this exhibition, the first of its kind, was completely ignored except for a pathetically small amount of packaged cheese from Ontario and a single case of sockeye salmon from British Columbia. Even if there was no market immediately available, surely having the products of Canada and the trade names of Canada on display there would have been a good start for when the remaining restrictions were removed.

I am given to understand that around this very time there was a substantial removal of restrictions. I should like to ask what is going on in the minister's department, because I am told that although the matter was put to headquarters in London the answer was that it was up to the federal government, and the federal department took no action whatsoever. All I am asking is one thing. Will the minister please explain his statement and the contradiction of no action? Will he not agree that if we want to sell we have to do a selling job, and that we cannot do it by sitting on our fannies and waiting for orders to come in automatically?

Mr. Churchill: I will answer the question right now. Again here is the hon. member trying to cry down Canada and make it appear that Canada is not active and alert.

Mr. Winch: We are trying to build it, not cry it down.

Mr. Churchill: We are trying to build but my hon. friend is trying to cry it down. He takes an article, and I do not care how important the correspondent is, aimed at casting a slur on Canadian businessmen and Canadian enterprise because we did not enter a food display in London. I have the article. I know the facts concerning this matter, and the article is overemphasized criticism which in my opinion was uncalled for. I am surprised at the hon. member putting the article on the record in the House of Commons, trying to make out that Canada is not alert and that the Department of Trade and Commerce has no policy with regard to trade matters.

My hon. friend reads my statement in *Hansard*, as found on page 4103, and he says, "There is the statement of the minister; here is the lack of action on the part of the department." He does so on the basis of one article by one correspondent with regard to a retail trade exhibition in the city of London. My hon. friend condemns the government, the department and Canada for not being alert in matters of trade when we are the fourth greatest trading nation in the world. I am surprised that my hon. friend who normally is objective in his comments, would not have seen through this article.

I will say this to him. No information concerning this matter was forwarded to Ottawa in time for us to do anything about it. Until the import liberalizations were announced early in June by the United Kingdom government—my hon. friend recognized this fact—food products of Canadian origin could only enter the British Isles subject to quota. If you are subject to a quota there is not much incentive to advertise your products. There was a limit on the products that might go from Canada to the United Kingdom. My hon. friend, coming from British Columbia, knows what happened to the salmon catch last fall. The minute the quota was removed the catch was snapped up right away. There was certainly no need to advertise British Columbia salmon in the United Kingdom. I have been over there. I know what the people think of British Columbia salmon. It is a luxury to them, and the minute they see any British Columbia salmon it is purchased.

But now, thanks to the action of the United Kingdom authorities, the opportunity is wide open to Canadian businessmen to enter again the United Kingdom market with the food products of Canada and display their wares. It is not the sole responsibility of the government to display these wares, and I am sure that our active and alert Canadian businessmen, who have kept Canada's position as a world trader well to the fore, will be in the United Kingdom market with alacrity now that the opportunity has been opened to them.

I regret that this article should have received such prominence. I regret there should be this condemnation of Canada by a Canadian, and that it should then be elevated to the prominence which things are given by being mentioned in the House of Commons. Let me say this about the exhibition in question, an exhibition of commonwealth food and drinks. It has a good idea behind it, but it is only one of dozens of similar small shows staged annually in the United Kingdom. It is impractical for us to enter them all. We think it is much more productive for us to take part in the periodic shows sponsored by a particular trade for the benefit of the businessmen concerned rather than in exhibitions primarily attended by the public. In other words this was a retail exhibition, and now that the United Kingdom market has been reopened there is an opportunity for our Canadian food exporters and our trade representatives in Great Britain, who are very active people and who work hard to exploit new opportunities.

May I point out to my hon. friend that the department will be participating in the major United Kingdom food exhibition, the British food fair, at Olympia, London, when it takes place next year. When we come to the next item in the estimates I can give my hon. friend and others who are interested a list of the trade fairs in which Canada is going to take part this year. It is a very important list, and shows the activity of the department and of Canadian businessmen. But for my hon. friend to take this article concerning this exhibition and the fact that there were not a large number of Canadian food products displayed there as an indication and evidence that Canada's trade policy is ineffective is, in my opinion, stretching the argument very, very far indeed.

Mr. Winch: On the same subject may I say that I do not think the minister adds to his status one bit, when he is touched a little on a sore spot, by trying to bluster his way out of it, by attacking the motives of a member of this house and by casting aspersions on the person who happened to write the article. I think I know the reason. It is simply that the person who wrote the article, Jack Scott, knew exactly what he was saying, and the proof that he was not simply engaging in wild guessing or trying to hurt Canada is the fact that identical information is on the files of the minister and is contained in an answer given by the minister in reply to a question on June 30 of this year. The questions and answers read as follows:

1. Was the Canadian government invited to participate in a recent exhibition of commonwealth food and drinks in the United Kingdom, sponsored by the commonwealth union of trade?

2. If so, what was the reply of the government?

Answer: No invitation was received in Ottawa. Officials in Canada house, London, were approached about participation but declined because it is not policy to take part in shows that do not offer hope of trade promotion benefit.

In this instance, with import quotas for most Canadian foods already filled, inquiries evoked by a departmental display could not have been satisfied—and might have done more harm than good where relations with potential new buyers were concerned.

Question 3. What Canadian products were shown at this exhibition?

Answer: Some Ontario cheese and B.C. canned salmon was shown privately.

The answer the minister has given does not hold water at all. Canada cannot possibly expand her export trade on a basis of doing it perhaps some day, some month or some year. Surely this is good publicity, and it is good public relations to let your products, your brand names, be known, because we know the import restrictions and monetary situation are not going to remain as they are forever. Advantage should have been taken of this opportunity strictly for exhibition purposes, in my opinion, because that is good business.

This was not just a small exhibition according to all the reports I have received,

and I have more than just this one by Jack Scott. This exhibition is going all over the United Kingdom and has already been seen by millions of the buying public. These are the people who will eventually have to be reached by the importers of these goods from Canada, because they have to sell to the buying public. Surely it is good sense to try to have something from Canada in an exhibition of that nature.

I just do not follow the argument of the minister. As a matter of fact, whenever he does not like what a member of the opposition says he accuses that member of trying to run down Canada. We have just the same love for Canada that the minister has, and just as much interest, if not more, in the development of the country and seeing trade expanded, because we represent the working people of this country. We know they have to have jobs in order to eat, and in order to provide jobs you have to be able to sell your products.

I can tell you that we are never going to do anything that is going to hurt the working people of this country. Whenever we think there is something that can be done or should be done, we feel it is our responsibility to point it out right on the floor of the House of Commons or in a committee, and ask whether something more cannot be done that has been done in the past. I will not take second place to the minister or anybody else in my desire to build Canada, because I know that is the way to preserve jobs for the workingmen.

Mr. Churchill: I just want to say one or two words here. I am not going to allow the earlier remarks of my hon. friend to pass. I implied no motives to him; I cast no aspersions on that article or the author. He is quite entitled to write any article that he sees fit to write. There is no contest here as to who is the greater patriot.

Mr. Winch: You are the one who started it.

Mr. Churchill: It is just nonsense to talk that way. Let me tell my hon. friend that very often he takes some very small item and blows it up into a major issue; that is the point I was making.

Mr. Chevrier: There are two matters I should like to discuss very briefly, if I may, and which on their face may not appear to be germane to the minister's estimates, but on consideration and reflection I am sure it will be quite clear to the committee that they do fall within the ambit of the estimates now before us. I refer to two publications that are produced by the minister's department. One is from the dominion bureau of statistics, published under the authority of Hon. Gordon Churchill, Minister of Trade and Commerce, entitled "Railway Operating Statistics", and is for March, 1959. The other is published by the same bureau, under the authority and jurisdiction of the minister, and is entitled "Employment and Payrolls, March, 1959".

My purpose in bringing up this matter at this time is that on a number of occasions we on this side of the house have been attempting to get information concerning layoffs on the Canadian National Railways. We have been unable to obtain this information either here or in the committee. However, there is very revealing information contained in these publications, and I should like to put just a short paragraph or two on *Hansard* and then ask the minister one or two pertinent questions.

The point I should like to make is this; that on page 6 of the March issue of "Railway Operating Statistics", which I now hold in my hand, it will be found that railway employment as of February, 1958 on Canadian National Railways stood at 87,554 employees, whereas in February, 1959 it was down to 82,427, making a decrease for that railway of 5,127. On the same page it will be found that railway employment on the Canadian Pacific Railway as of February, 1958 stood at 62,938 as compared to 59,084 employees in February, 1959, a decrease in that case of 3,854 employees.

Still quoting from the same publication, the total for 22 railways in Canada for February, 1958 appears to be 160,938 employees as compared with 151,086 in February, 1959, a decrease of 9,852. It will be seen from this that in the case of the Canadian Pacific the decrease is slightly over 6 per cent of the number employed in February, 1958, whereas in the case of the Canadian National the decrease represents a little less than 6 per cent. It seems to me it is significant that this information appears in a publication under the jurisdiction of the Minister of Trade and Commerce. It is significant, too, that this information appears to be so clear and definite.

I should like to proceed to a consideration of the other publication entitled "Employment and Payrolls". The figures here concern steam railways and I—

Mr. Lambert: While this information may be important from the point of view of the Department of Transport, with respect I wonder what the purpose is, other than getting it on the record at this time, in reading these figures? It is true this publication is issued by the dominion bureau of statistics, and the minister is responsible for that bureau, but again with all due respect I wonder what the relevancy is?

Mr. Chevrier: The relevancy is this. I have already put certain figures concerning railway employment on the record, and I should like to put certain other figures concerning employment and payrolls on the record as well. Then I should like to ask the minister, as I indicated earlier, two pertinent questions on this material, because these are publications under his jurisdiction and the information contained therein has not been obtainable by us on this side of the house from the other department concerned.

Now, then, going to the publication "Employment and Payrolls" it appears that as of March, 1957 there were employed by the railways 170,014 men and women, as compared with March, 1958 when there were 158,041 employees and March, 1959 when there were 151,844 workers. For maintenance of equipment there were 24,604; 21,358; 19,927 for March 1957, 1958 and 1959 respectively. In so far as maintenance of ways and structures are concerned the figures are 32,830; 34,520; 32,934, for March, 1957, 1958 and 1959 respectively. In so far as transportation is concerned the figures are 102,744; 92,271; 89,317, for March 1957, 1958 and 1959 respectively.

Now, having put that information on the record, I would ask the minister these two questions; first, whether this compilation which is prepared by his department in these two series of statistics is done on a sampling basis; next, if not, whether it is done by an actual count. I think it makes a great deal of difference whether they are done in one way rather than the other, as I am sure the minister will realize this at once.

The other matter which occurs to me is this. Can the minister indicate to the house how it is that this information, which appears on the face of it to be quite simple, was not given by the Department of Transport in the first instance, or the other departments concerned? After all, there is no subject which is of more interest to all members of the House of Commons than these figures concerning employment on the various railways in Canada. There are few members in the House of Commons from one part of the country or another, who have not a divisional point of either one or other of the railways in their constituencies.

Now, sir, having dealt with that matter I would now like to deal with another matter which also concerns the Department of Trade and Commerce. That matter has to do with the commerce, the trade, and the business of the textile industry in Canada. As the minister knows the textile industry, in so far as its business and commerce is affected, has been very seriously hit and its operations very greatly curtailed within the last few years. I had the opportunity of putting certain figures on the record before. I shall not abuse the time of the house, but in order to deal with the matter rapidly would the minister allow me just to give some indication of what has happened to the trade in that field, particularly as it affects Canadian Cottons Limited. I am perhaps more conversant with that company than with any of the other companies, because for 19 years I represented a constituency in the house here where the cotton industry was very vital both to it and to eastern Ontario. In an article appearing in the Cornwall *Standard-Freeholder* of May 29, 1959 there appears this statement by the president of Canadian Cottons Limited, Mr. L. C. Bonnycastle. He stated:

> Substantial reductions in operations, including the closing of some mills, are planned by Canadian Cottons Limited.
>
> Total volume of sales was almost exactly the same last year as during the previous year.

That is 1958 as compared with 1957.

> However, business has become increasingly competitive, prices have been low and the flow of imports from the U.S. and low wage countries have increased in volume.
>
> Operations in Hamilton will be discontinued.

A little later on Mr. Bonnycastle states, dealing still with Hamilton:

> The yarn mill will be closed and all activity in Hamilton will be discontinued by the end of the year.
>
> The small yarn mill at Saint John, N.B., has been closed, and the Rosamond woollen mill at Almonte, Ontario, has been sold. There will be reductions in certain lines of products now made in Cornwall.

A little further on in the article it is stated:

> "This means a substantial reduction in the work force in Cornwall within the next three months," a spokesman for Canadian Cottons Limited said this morning. He was commenting on the company's annual report, released today, which said the company was closing some of its mills and curtailing certain lines made in Cornwall.
>
> But it was clear that a substantial number, perhaps close to half, of the 1,400 hourly rated and salaried employees of the Cornwall mills would be laid off by the end of the summer.
>
> Canadian Cottons Limited has been operating in difficult circumstances for several years, due principally to competition in piece goods from U.S. mills, and more recently, made-up goods from Hong Kong and Japan.

Then follows an editorial, which I shall not read, which appeared in the same paper of June 11 of 1959, the Cornwall *Standard-Freeholder*. This paragraph only I would like to quote:

> Exactly a year ago the Canadian cotton textile industry was undergoing an exhaustive review at the hands of the tariff board. After three months of hearings the board did not challenge the industry's contention that it was modern, efficient

and well-managed. Instead, the board suggested a complete reorganization of existing schedules covering imports.

Then it goes on to say that nothing was done to follow up recommendations of the tariff board.

During the last week I have obtained additional information as to the position in the Cornwall area, and I find that the mill is closing down completely as of tomorrow, July 17. Nine hundred and fifty men and women who make a variety of piece goods, flannelettes, saxonies, eiderdown ticking and the like, will be laid off tomorrow. I understand these lay-offs started some time ago, and they will be entirely completed with the mill closing down tomorrow.

To sum up, as recently as 1956 there were over 2000 employees actively employed in Canadian Cottons Limited in Cornwall, and after tomorrow, I am informed by a very authoritative source, there will be between 450 and 500 men employed. There are people in those mills who have spent their whole lives in the manufacture of textile goods, who are able to do very little else, some of whom have been there for years. In fact I was informed this week that in February 1959, 191 employees actively at work in the cotton mills of Cornwall had 25 years' service, and some of them averaged 33½ years' service.

I know these are not problems which have arisen overnight. I know full well, because I was close to the problem, that difficulties have been encountered over a number of years. But what I want to bring to the attention of the minister is this, that those who sit on that side of the house were quite clear, not only in 1957 but in 1958, that this would be put a stop to, and no one made more vigorous statements in that respect than the Prime Minister himself. I just want to put on record the statement he made in Cornwall on February 24, 1958, when he was quoted as follows:

Prime Minister Diefenbaker last night—

Mr. Churchill: What is my hon. friend reading from, please?

Mr. Chevrier: I am reading from a statement appearing in the Cornwall *Standard-Freeholder* dated February 24, 1958.

Prime Minister Diefenbaker last night promised that a Progressive Conservative government will bring in legislation to halt the "dumping" of textiles and other products in Canada.

Mr. Diefenbaker, speaking to an audience of more than 2,300 in the armouries of this textile centre, said Canada could not afford this and similar industries to be destroyed by dumping.

"We acted to protect the farmers of this nation against the dumping into Canada of agricultural products through the establishment of import controls", the Prime Minister asserted.

[Mr. Chevrier.]

"Canada cannot exist without the textile industry. Following the representations to the tariff commission and on the basis of the recommendations of the tariff board, such action will have to be taken as is necessary to ensure that no industry will be subject to dumping," he added, bringing a burst of applause from the audience.

I wonder how that audience feels today when, a little more than a year after that statement was made, a whole mill has been closed putting 950 men and women out of work. Here was a definite promise to take action in this very vital field of trade and commerce, which actually was not taken. Then a little later on the following appeared in the Toronto *Daily Star* of February 25:

Mr. Diefenbaker followed the announcement about farm price supports with a promise his government will take whatever steps are necessary to protect the textile and other essential Canadian industries from competition from cut-rate foreign goods—an important issue in this textile manufacturing centre.

And a little further on:

Calling the textile industry "one of the great industries of our country", he said that in a foreword to one of the industry's publications last year, he has said the industry "had been subject too long to the innuendo of inefficiency" whenever it asked for better treatment.

And still further on in this article in the Montreal *Daily Star* appeared the following paragraph:

The tariff board was studying tariffs on the importation of textiles, and there was no reason why the government, after receiving its report, should not take action to assure no vital industry would be subject to dumping of foreign goods—the importation of goods for sale at prices below that in the country in which they were produced.

That is clear-cut evidence in 1958 which I have placed on the record, and there is evidence in 1957 as well, that no matter what had been done in previous years this government now in power would take the necessary action to prevent the curtailment of the textile industry. I say here without fear of contradiction that the position of the textile industry is worse today than it has ever been in its history, and the statement of Mr. Bonnycastle with respect to a whole mill closing down in Hamilton and another in Cornwall is evidence of that fact together with what I have put on the record.

I submit to the minister and to members of the government that now is the time to take action in this field. I do not want to be a demagogue and recall the promise made that no one should suffer because of unemployment. That promise was made by the Prime Minister, but I will not belabour it. I will merely say that there were specific promises made by the Prime Minister in the constituency of Stormont and in the city of

Cornwall in so far as the textile industry is concerned. Those promises have not been carried out.

It is true that legislation was brought in by the government concerning the dumping of certain of these products on the Canadian market. We made our position quite clear at that time. What has been the effect of that legislation? The effect of that legislation in so far as the Canadian cotton industry is concerned has been absolutely nil, because instead of the position being better it is far worse than it was before. I could go on. I have citations here which indicate the present state of employment in the textile industry, particularly in Canadian cotton production, but I do not wish to labour the matter unduly.

Mr. Anderson: May I be permitted to ask a question? I come from a sizeable textile district, and I wonder if the hon. gentleman is aware, as he goes back over the years, that the unemployment situation in my textile riding on December 31, 1957 can be judged by the fact that there was 3,386 applications for benefits, whereas two weeks ago applications numbered 699.

Mr. Chevrier: No, Mr. Chairman, I was not aware of that, and I am very happy to learn that the position is such in the riding the hon. member represents. But I am aware of the position in the city of Cornwall, where I was last week, and I am aware of the statement which was made by the president of Canadian Cottons so far as the city of Hamilton is concerned, where 1,000 men and women will be without employment, and I think that is serious in the light of the promises that were made.

I would be only too happy if I could rise and make a statement similar to that just made by the hon. member. Unfortunately that is not the case, and here is the city of Cornwall, a community which has lived and thrived for many years because of the cotton mills. There were three cotton mills in that area. They are now reduced to one mill, employing between 350 and 500 men, and I think the time is now ripe for the government to live up to the promises and assurances they gave to that textile community in 1958 and in 1957.

Mr. Churchill: I should like to say this in answer to the hon. member for Laurier. In the first instance, with regard to his question concerning publications by the dominion bureau of statistics and whether or not the figures were on a sampling basis or by actual count, may I say that the figures to which he referred in the publications he mentioned are actual counts and are not on a sampling basis. There may be minor differences in coverage for all railways owing to the inclusion in the railway statistics of United States branch lines in Canada.

On the second subject with which the hon. member dealt, the textile industry in Canada, we are not by any means unaware of the difficulties facing that industry. I have received many representations from and held conversations with many people actively connected with that industry with regard to its problems. I do not wish to avoid any responsibility as a member of the government with regard to the problems which face the textile industry, but I think here, on the estimates of the Department of Trade and Commerce, the hon. member for Laurier has raised a problem which goes somewhat beyond the departmental estimates. Some of the matters he dealt with are more properly under the jurisdiction of the Minister of Finance and the Minister of National Revenue, and I would have thought that the hon. member for Laurier, if he were going to quote statements which he alleges were made by the Prime Minister, would do that in the presence of the Prime Minister instead of easing in these suggestions about promises which have been made and not fulfilled.

Let us keep the record straight. This constant needling about the failure of the government to keep promises is going to boomerang on hon. gentlemen opposite, because the record is there and the record is very clear. The promises that were made are being kept. They cannot all be completed within such a short space of time, but every single one is being met and will be honoured. Let the hon. gentleman not carry on these suggestions or insinuations that promises are made and there is no intention of keeping them.

Various steps have been taken. Even with regard to the textile industry, references have been made to the tariff board by the Minister of Finance. As the hon. member recognized, certain changes in the law were made which tend to ameliorate some of the conditions about which he spoke. The problem is being tackled and is being actively considered. As my friend the hon. member for Waterloo has just pointed out, the effect of the present policy is being shown to be advantageous in some areas of the country. It may be that there is a peculiar and difficult circumstance in the city of Cornwall. We sympathize with people who are placed in an awkward position or thrown out of work, but let not the impression be created that this is general across Canada.

The policy of the government is firm and sound. Those measures that could reasonably

have been taken in the time that has been at our disposal since March 31, 1958 have been taken, and we will pursue constructive policies leading toward full employment and the betterment of the condition of people not only in the textile industry but in all other industries.

Mr. Chevrier: Mr. Chairman, may I ask the minister to give the committee an indication as to what has been done to meet the position as I outlined it in respect to the Canadian cotton industry?

Mr. Churchill: Here again we have a question which should more properly have been raised with the Minister of Finance, who has referred some of these problems to the tariff board. This is not the primary responsibility of the Department of Trade and Commerce.

Mr. Ricard: Mr. Chairman, I should like to say a few words to brighten up the history outlined by the hon. member for Laurier. I also come from a textile city, and I am very glad to report that in this line of work business is much better than it was two years ago. The Goodyear Cotton company at St. Hyacinthe, in recent weeks has hired or rehired about 125 hands, and since last year I would say at least 200 persons have been hired or rehired there. At the Yamaska Shirt company they are busier than they have been for a long time. At Penmans Limited the same situation exists and they are enjoying increased activity. At Consolidated Textiles Limited they are so busy they cannot give two weeks' vacation to their employees, and have to limit them to one week only.

Mr. Lambert: Mr. Chairman, I should like to make some comments concerning what I thought were the rather unfair remarks made by the hon. member for Laurier. In the light of information that has come forward from other centres I am wondering if perhaps his statement, the validity of which I am not denying—

Mr. Chevrier: It is undeniable. It is a fact.

Mr. Lambert: Quite right. I am wondering, however, if the hon. member's statement perhaps concealed the true nature of the market. My hon. friend is quite aware of the changes that have taken place as a result of the introduction of new synthetic fabrics. For instance, in the men's shirting field there are entirely new products available, and perhaps garments made from them are not manufactured in the city of Cornwall. Every time someone buys a terrylene shirt it means that a certain amount of standard Canadian cotton material has not been used. My hon. friend has only to go into a men's haberdashery shop or a department store to see how many shirts of that type of material are available. I refer to garments manufactured of finer quality, non-wrinkle, no-iron fabrics. These are appearing on the market in vast quantities. I have referred to only a narrow segment of the industry.

I have no knowledge of the type of materials that are produced in Cornwall, but if they are manufactured of the more staple type of cottons or the standard type of shirtings I believe it is conceivable that the diminished markets may be the result of a change in the public taste as well. I think the hon. member should put all the facts on the record, and then determine whether all the decline in the market for these materials is necessarily the result of government policy.

Mr. Chevrier: Mr. Chairman, may I be allowed to reply briefly to what the hon. member has said. It may be that the suggestion advanced by the hon. member for Edmonton West is correct, and I am not denying the fact that the introduction of new materials has been detrimental to the demand for standard products. But the point is this. Has the hon. member forgotten 1957? If he has, I have not. In that year we were told in no uncertain terms that we were responsible for that situation. That was said by Conservative candidates who spoke in ridings where there are textile mills. Not only was it said by candidates but by cabinet ministers who came into the ridings, as well as by the Prime Minister himself, as I have indicated.

The point I am making now is this. Having said those things and having put the Liberal party in the impossible position of being expected to take the blame for a condition for which we were in no way to blame—the hon. member must admit that we made no promises in those years and the statement made by the Prime Minister was clear cut—I say it is now up to those who sit on the other side of this chamber to make the situation good in so far as the textile industry, at least in eastern Ontario, is concerned.

Mr. Lambert: But you did not have the same situation at all.

Mr. Noble: Mr. Chairman, I should like to speak for a moment about the subject mentioned a while ago. Now that a bid has been made by several hon. members in respect to the locating of the atomic energy plant for the development of hydro in their areas, I feel I should go on record as mentioning the action I have taken in respect to this matter.

Early last June I engaged in correspondence with Mr. Smith, assistant general manager in charge of engineering for the Ontario

hydroelectric power commission with respect to the possibility of locating the plant in my riding. I am happy to report that although the selection of a site has not been definitely made, testing is now under way in Bruce, and it is expected that other sites in our immediate area will be tested. I, of course, am still hopeful that it may be located in Grey North. I feel that we have one of the best locations in the province of Ontario. Already reports have appeared in the press concerning the possibility of it being located there.

I urge the minister to give consideration to the possibility of locating the plant in this area. I feel that my riding of Grey North has much to offer for this kind of project. We have solid rock and an ample supply of good cold water. Indeed, in Georgian bay I believe we have the coldest water available in the province. We have a sparsely settled area that is in close proximity to highly industrialized parts of Ontario and the area is served by good highways. I understand that these are some of the requirements for a site. I hope the minister will give my appeal the fullest possible consideration.

Mr. Herridge: Mr. Chairman, this is the first time I have risen to speak on these estimates, and I shall detain the committee but briefly while I outline the plight of tomato growers and the tomato canning industry in British Columbia. I might say this industry commenced over 50 years ago because it is an ideal country for growing tomatoes, with warm summer months and ample water for irrigation. I remember when the first tomato plants were planted something over 50 years ago. The industry developed because its natural market—

Mr. McIlraith: They must be pretty old plants by now.

Mr. Herridge: I may say, Mr. Chairman, that we do not think in those terms. We have a revival every year. I may say that the industry developed consistently over a long period of years, owing to the fact that it is a natural place for the growing of tomatoes and western Canada was the natural market. Until toward the end of the late 1940's they were processing some 26,000 or 30,000 tons of fresh tomatoes a year received from 500 to 600 primary producers, and some 1,500 to 2,000 persons were directly or indirectly employed in the growing of the tomatoes or in the canning industry. I think the peak value of the crop at one time was around $5 million; that is the total crop, those used for selling in the domestic market, largely in western Canada, and the remainder used in the canning industry.

However, Mr. Chairman, the industry suffered from some severe disabilities, as I think the minister knows. I am bringing this to his attention because I have been asked to do it. First of all, the industry suffered from serious disabilities with respect to transportation. It may be interesting to know that the rate on canned goods from San Francisco and Los Angeles to Vancouver, about 1,000 miles, is almost identical with the rate from Kelowna to Vancouver or from Nelson to Vancouver. The rate from San Francisco and Los Angeles to Winnipeg, approximately 2,300 miles, is $1.80 compared with a rate from Kelowna or Kootenay points to Winnipeg, approximately 1,200 miles, of $2. These preferential rates on imported products were and still are prejudicial to the interests of the tomato industry in Canada, particularly in British Columbia. I mention it as one of the disabilities. I am not for a moment suggesting that this is a matter that can be solved quickly or overnight. It is one of those problems in which a number of factors are having an adverse effect on the industry.

Then there is the question of the higher production costs that we suffer because of the 25 per cent to 50 per cent higher costs for machinery and equipment; the 20 per cent to 30 per cent higher cost for cans; and the 50 per cent to 100 per cent higher costs for cartons, and a much shorter operating period for the industry in the interior of British Columbia. I may mention at this time that in the last two years five canning plants have been closed in the southern interior of British Columbia.

Then there is the question of tariffs. I do urge as a matter of consideration what appears to be certain inequalities which have developed as a result of the rigid operation of GATT which gives certain advantages to other countries because of their higher tariff rates and things of that sort. In that connection I am just going to quote briefly from this memo which was handed to me:

> The American tariff of 21 per cent against canned tomatoes is approximately equivalent to the Canadian tariff of two cents per pound. The American tariff of 21 per cent on tomato paste is at least double the Canadian tariff on the same product and, when high concentrations of paste are taken into consideration, the American tariff rate of 21 per cent is over seven times as high as the Canadian rate. When the Canadian tariff rate on tomato paste was reduced in 1956 from two cents a pound to 1½ cents a pound, tomato paste was being concentrated to a much lower percentage of solids, and the 1½ cents per pound was equivalent to an ad valorem tariff of about 10 per cent. At the same time, United States had a 23½ per cent tariff. Now, tomato paste is being produced to a consistency of 45 per cent—46 per cent solids, and the current California quotation is $21 per case of 45 pounds f.o.b. shipping points. The Canadian duty on a case of this products would be

66 cents, or 3.1 per cent, against the present American tariff on the same product of 21 per cent ad valorem. If the United States tariff rate were applied to the American price, the duty would be $4.61.

In addition to that, Mr. Chairman, there is very unfair competition for our tomato producers and tomato canners in British Columbia developing from Italy and increasing over the years. The memo goes on to say:

> We are aware of some imports of Italian tomatoes into western Canada, the total Canadian imports are heavy and increasing. With the low labour rates and other low production costs which processors in that country enjoy, along with low water-rates to the eastern seaboard and subsidized rail transportation costs from Canadian maritime ports, coupled with our extremely low tariff protection and unfavourable exchange situation, it is not surprising that many Canadian tomato processors are going out of business.

When they go out of business the producers of tomatoes will go out of business. Then, there is a very substantial loss of the export market. I am sure the minister is aware that prior to world war II the Canadian processors of tomatoes in British Columbia built up a considerable and substantial export market for tomatoes and tomato products. They have almost completely lost this market, together with substantially reduced tariff protection in Canada.

I am not going to deal at further length with this, Mr. Chairman. The minister must know the several disabilities that are being suffered by the growers and the industry in general. As a matter of fact, to show the committee the circumstances under which the industry operates at the present time, with all the increased freight costs and increased competition from the United States and other costs that I have mentioned, a 28-ounce can of choice tomatoes is selling today at 23 cents, which is less than the price was in 1948. It is impossible for the industry to carry on in these circumstances. I mention these facts and bring them briefly to the attention of the committee and the minister on behalf of the growers and canners of these products. I should like to know what the government intends to do in an endeavour to meet this situation and make it possible for these people to continue growing tomatoes and the canners to continue in business.

(Translation):

Mr. Boulanger: Mr. Chairman, I want to add a few words to the remarks made a few moments ago about the textile industry. It has been suggested that the position of that industry had greatly improved in the last year, but recently I gathered figures proving the contrary.

As regards woollens, according to the report published by the wool and knitting manufacturers' association, Canadian industries produced 17,054,000 linear yards of material, whereas they had produced 18,751,000 yards last year, which means a decrease of 1,700,000 yards.

Mr. Chairman, I shall ask the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) to listen closely to the remarks I have to make, for they are of a serious nature and of particular concern to him. With regard to employment in woollen mills, I find that the number of employees has decreased from 13,030 in 1957, to 10,890 in 1958, a drop of 2,140 workers within a single year.

In cotton mills, production has fallen to an all-time low. With a Canadian potential market for 538 million yards, our industries produced 245 million yards in 1958, whereas they had produced 264 million in 1957. Therefore Canadian mills produced only 42 per cent of domestic cotton requirements. That is the lowest percentage ever recorded, or at least until the end of 1958.

Employment in the cotton industry has fallen from 20,900 in 1957 to 18,900 in 1958, that is a decrease of 2,000 workers.

This decline in the cotton industry has been due to growing imports of cotton goods.

Mr. Chairman, the picture of our cotton imports is as follows: 227 million yards from the United States in 1958, against no more than 219 million yards in 1957. In 1958, we also bought 25 million yards of cotton from India, whereas in 1957, we had imported no more than 18 million yards. In 1958 we purchased 18 million yards of cotton from Japan, compared to 15 million yards in 1957. Our imports from Great Britain decreased by 4 million yards, i.e. from 10 million to 6 million yards. It is the only country from which imports have decreased.

The third sector of the textile industry I want to deal with is the production of synthetic fibre (silk and rayon). As in other sectors, production has fallen alarmingly. Canadian production, which reached 86 million yards in 1957, dropped to 76 million yards in 1958.

Now, I should like to emphasize that in 1956 it had amounted to 96 million yards.

Lower production has meant fewer jobs. Employment in that sector fell from 15,300 in 1957 to 14,100 in 1958, that is a decrease of 1,200 employees.

This, Mr. Chairman, was the situation in the textile industry at the end of 1958.

I would have much more to say about that industry, but I shall limit myself to those details. However I should like to add a word about the promises made by the right hon. Prime Minister (Mr. Diefenbaker) in our district on March 23, 1958. According to a dispatch published by the Toronto *Telegram* of March 24, the Prime Minister is reported to have said, in Sherbrooke, in the eastern townships:

(Text):

Sherbrooke, a textile manufacturing centre of 70,000, has been seriously hit by United States dumping of textiles and Mr. Diefenbaker made it plain this situation will not be permitted to continue. "The textile industry has not always been treated fairly in the past", he declared in a searching denunciation of the former Liberal government. "Its request for better treatment had much too long been neglected. The textile industry is a major employer in Sherbrooke and in other cities", he said flatly, "and the government has no intention of letting it be sacrificed by United States dumping. Within the purview of GATT an injustice that might have been will be rectified."

(Translation):

Those, Mr. Chairman, were the promises made in 1958 by the Prime Minister himself in our district, where textile manufacturing is the major industry.

Mr. Chairman, I could likewise quote many promises made by the Conservative candidates, especially by the hon. member for St. Hyacinthe-Bagot. In fact, in the circular letter which he distributed in the city of St. Hyacinthe just before election day, the hon. member said:

I shall demand tariff barriers adequately protecting our textile industry. It is those imports of Japanese and U.S. textiles that are ruining our workers.

Mr. Ricard: I have kept the promise I had made. I have asked for higher tariffs.

Mr. Boulanger: Mr. Chairman, imports of Japanese textiles have never been higher than since the Conservative party came to power. I have already quoted figures, and I shall quote them again, for the information of the hon. member for St. Hyacinthe-Bagot. Last year, we imported 18 million yards of cotton from Japan, while we had imported only 15 million yards in 1957. This represents an increase of 3 million yards, whereas we had been promised lower imports from Japan. We have also imported more from the United States, 7 million yards more; our imports from India increased by 3 million yards, and 5,000 Canadian textile workers have lost their jobs since last year. I have no figures relating to 1956, but I shall be pleased to submit them to the house on another occasion.

I would suggest that when the hon. member for St. Hyacinthe-Bagot makes his remarks to the house, he give us figures in support of his claims. Moreover, if the hon. member wishes certain information about the promises and statements he made on behalf of the textile unions of St. Hyacinthe, I shall quote for him an article which appeared recently concerning some statements he made—

Mr. Ricard: Mr. Chairman, on a point of order.

Mr. Boulanger: The hon. member has stated—

Mr. Ricard: Mr. Chairman, the subject raised by the hon. member for Drummond-Arthabaska is completely out of order.

Mr. Denis: In order.

Mr. Ricard: Out of order. His subject has nothing whatever to do with the matter under review. Not that I am afraid or ashamed of what I said, but in the article referred to by the hon. member, my statement was distorted, for political purposes, by the friends of the hon. member for Drummond-Arthabaska, the opposition's self-appointed spokesman in matters of agriculture.

Mr. Denis: Listen to the new parliamentary secretary to all the ministers!

(Text):

The Deputy Chairman: I do not think that what another member has said has anything to do with the estimates of the Minister of Trade and Commerce and I hope the hon. member will stick to this item.

(Translation):

Mr. Boulanger: Mr. Chairman, I had not started to quote that article. I fail to see why the hon. member for St. Hyacinthe (Mr. Ricard) should raise a point of order. I shall now quote a few lines of that article.

Mr. Ricard: Mr. Chairman, in spite of your decision, the hon. member is preparing to go on reading the article.

(Text):

Mr. Caron: Mr. Chairman, at least before the hon. member is declared out of order we have to listen to what he has to say. He has

not said it yet but the hon. member for St. Hyacinthe-Bagot seems to be ashamed of what he said before.

Mr. Ricard: No, I said I was not ashamed.

The Deputy Chairman: The hon. member for Drummond-Arthabaska indicated he was going to read an article written by the hon. member for St. Hyacinthe-Bagot.

Mr. Caron: About.

The Deputy Chairman: About the hon. member for St. Hyacinthe-Bagot. I cannot see what that has to do with the administration of the Department of Trade and Commerce.

Mr. Caron: It is on textiles.

(Translation):

Mr. Boulanger: Mr. Chairman, here is what the article said—

Mr. Ricard: Mr. Chairman, again I rise on a point of order. The hon. member—

(Text):

The Deputy Chairman: I ask the hon. member for Drummond-Arthabaska not to read the article but to proceed with the other part of his speech.

Mr. Ricard: He cannot do that. Ask him to take his seat.

Mr. Caron: If it is on textiles it concerns the present debate, and it is a declaration about textiles.

The Deputy Chairman: If it is on textiles, but it rather appeared to me as if it were going to be an election speech.

(Translation):

Mr. Boulanger: I accept your decision, Mr. Chairman. However, I reserve the right to take up this matter in due course.

Coming back to the matter of textiles, I say the situation is worse than it has ever been. I would ask the hon. Minister of Trade and Commerce (Mr. Churchill) to do something for our textile industry and workers.

There is unemployment in the eastern townships and there will be even more unemployment next winter, because little attention is being paid to the textile industry. In 1958, we enacted legislation to protect the Canadian textile industry against dumping; we even appointed inspectors, but so far there have been no satisfactory results.

I therefore ask the hon. minister to kindly consider the case of textile workers.

(Text):

Mr. McIlraith: Mr. Chairman, the minister was good enough when these estimates were brought before the committee last night to deal with many of the questions raised when the discussion took place on these estimates in the committee on June 25. He attempted to deal with the points I had raised in my remarks, but there are one or two aspects of these subjects on which I desire some clarification. Perhaps we now have come to the stage in the discussion where I can put specific questions to him and get specific answers.

I ought, first, to thank him for his remarks regarding trade with Japan. I had raised this subject, as had my leader, when the estimates were first before the committee on June 25. I was somewhat shocked last night when he was dealing with this subject to find, in looking at my own remarks on the earlier date, I was reported in *Hansard* at page 5812 as having said that barley exports to Japan for 1958 amounted to $62 million in value. This, of course, is the value of wheat exports to that country in that year, as I assume everyone who is really interested in this subject would know. I did not notice the mistake I had made until I was listening to the minister's remarks last night.

The question I want to ask him now is supplementary to the remarks on the subject of trade with Japan. There was a drop of some $35 million in our exports to Japan from 1957 to 1958, and in view of the importance of that market would the minister care to say or is he in a position to give us any indication as to what he expects our exports to that market will be this year? Will we have a chance to recover that loss?

Mr. Churchill: The hon. member for Ottawa West drew attention to the drop in exports to Japan last year and I think he will find the figures in the annual report on pages 26 and 27. I am reading from the report now:

> The major decline in exports to Japan was in primary iron and steel products, particularly pig iron. This was the result both of expansion in domestic Japanese capacity and lower industrial output there. Sales of flaxseed which were unusually high in 1957 fell back to average annual levels. There was also a decline in Japanese demand for Canadian wood products, asbestos and aluminum. On the other hand the Japanese market for drugs and chemicals continued to expand.

In so far as the expectation for 1959 is concerned, the dominion bureau of statistics publishes "Canada, domestic exports" and the issue for May, 1959 on page 4 indicates the value in the period January to May of our exports in 1958 was $40,251,000. This value has gone up in 1959 in the same period to $44,924,000. Consequently I would say, in reply to the hon. gentleman, that we will regain our position with regard to exports to Japan.

Mr. McIlraith: I just want to express the hope, and I think the minister concurs with me in this, that the market can be built up in that area. In his remarks last night I think the minister indicated the importance he attached to that market. I perhaps do not need to elaborate on the subject here but I think the market for barley could be extended throughout that whole area.

There was another question I wanted to clarify arising out of an answer the minister had given to some of the earlier remarks I made about the West Indies. In the course of the minister's statement he made the remark that we have not increased our sale of fish and flour to the extent we would like. I presume he was referring to the sale of cured fish. I wanted to ask him, first, is that restriction in Jamaica on price still in force or has it been removed? Is there any prospect for increasing the export of that type of fish, not only to the West Indies but to the larger market that is to be found in the other Caribbean countries, Cuba, Haiti, the Dominican Republic, Puerto Rico and so on? Would he care to develop that subject a little?

Mr. Churchill: With regard to the price of fish and the situation in Jamaica, we are carrying on consultations with the authorities there. We hope to have a satisfactory answer in the near future. Prospects for the enlargement for the sale of our fish in the Caribbean and elsewhere are not unreasonable at the present time. We have, through our commercial counsellors stationed in those countries and through normal trade connections of our people engaged in the export of fish in Newfoundland, Nova Scotia and so on, been able to maintain the trade. You will recall that a year ago we had some success with a very substantial order from Brazil. We are of the opinion that we can maintain our trade in fish with the West Indies and Caribbean region generally. The Department of Fisheries is taking active steps to make sure that the standard is maintained and that the method of processing the fish is improved. When the estimates of the Department of Fisheries are before the committee perhaps questions along that line will be raised.

Mr. McIlraith: Perhaps I can pursue the subject on the fisheries estimates. I wanted to raise another matter that concerns me and which I had mentioned earlier. It is from the policy aspect of the disposal of surplus farm products that I intend to attack the question. I obtained information by way of questions on the order paper and orders for returns tabled in the house on February 18 covering purchases by the government of agricultural products which were sold abroad by the Canadian government other than through the agency of the wheat board. One answer dealt at considerable length with skim milk powder and the export of that product to a great number of countries. I think there were some twelve or fifteen countries listed to which we had sold milk powder and the sale prices ran from about 20 per cent to about 75 per cent of the cost.

I asked another question about the export of eggs which were bought under the prices support program and sold to Venezuela. The price at which they were sold was again below the price at which the Canadian taxpayers bought them and there was a loss on that transaction. If I remember correctly, the price was something of the order of 65 per cent of the cost, although I could be out in that percentage.

Then I asked a question on the orders of the day on the subject of the export of surplus pork, and my question concerned the sale of surplus pork to Czechoslovakia. I received an answer from the Minister of Agriculture to which I shall make reference in a moment. Then I put a further question on the order paper and the answer was provided today and will appear in today's *Hansard*. The question concerned the sale of surplus pork, and it becomes apparent from the answer that we have so far been able to sell some of this surplus pork which the government purchased to three countries, namely Mexico, Italy and Czechoslovakia, and there appears to be a wide range of price from 16 cents to 30 cents per pound. However, it appears from the answer that it was again sold at a considerable loss below what we paid for it.

The point I am seeking to make on this matter has to do with the trade policy of the government. It will be seen from those three answers that we have sold surplus farm products at very substantial reductions below their cost to some 18 or 20 countries. In some cases we are selling them as little as 25 per cent of what the Canadian taxpayers pay for them. That, I suppose in any other country, certainly in Canada, would be termed as dumping.

The point I wish to make here is this. Does the minister consider that that is an appropriate permanent policy for the disposal of agricultural products from this country? What is its effect going to be on our trade generally? What damage does it do to the trade practices which we built up over the years? I think generally speaking our trade practices are regarded rather

highly. Does it take away from us any argument we might have against other countries for dumping products on the world markets and thereby hurting our sales?

Then I want this one further aspect of the matter clarified. In answer to the question I asked on June 21, as appears on page 4993 of *Hansard*, concerning the sale of surplus pork to Czechoslovakia, the Minister of Agriculture said, and I only want to quote part of his answer:

> This is to some extent in the nature of what you might call a trial shipment and we hope that as a result—we are quite sure the pork will be found satisfactory—we shall be able to sell in constantly increasing quantities pork and other agricultural products in the European market.

What I would like to have specifically clarified is this. Am I to interpret that answer of the Minister of Agriculture as meaning that the Canadian government has now embarked upon a policy of seeking to increase exports of pork and other agricultural products to the European market by the direct subsidy method, as was done in the disposal of this surplus pork which had been acquired under our price support legislation? I think this point should be clarified because of its significance in the trade world.

Mr. Churchill: Mr. Chairman, in reply to the hon. member's final question as to whether the Canadian government has now embarked on a policy of increasing our trade by direct subsidy, the answer is no. This is not launching out into a new policy aimed at the expansion of trade through this particular method. It is, I would say, an ad hoc arrangement in a time of surplus, which is something that is not new. It has been tried in other years, the selling abroad of some surplus products from this country.

In answer to his general statement, I did to a certain extent deal with this last night, and I would say that the hon. member has laid his finger on the problem involved here. He asked, is there a danger of damaging the trade relations which have been built up in the past? Is there a danger that we may be accused of dumping surplus products abroad, and things of that nature? That is the nub of the matter indeed, but I would say as a general answer that we are very much aware of the effects on international trade of practices which deviate a bit from the normal and we are being very careful to do nothing which will interfere with the good relations that we have established with trading partners. We have been able to consult readily and effectively with countries which might be concerned with activities on the part of Canada with regard to surplus disposal.

As an example of that, I might say that in the gifts of wheat and flour that we have made to India and Ceylon we have been very, very careful to consult in advance Australia before taking any action whatsoever. The reason we have consulted with Australia is that those countries are the normal market countries for the sale of Australian wheat and flour, and the policy of the department is that no surplus disposal of wheat or flour shall take place in markets such as that without consulting with the countries primarily concerned, in this case Australia. Similar situations prevail elsewhere, and the activities to which my hon. friend has referred with regard to skim milk, the sale of eggs and the sale of pork are conducted very carefully so that our general trade is not damaged.

I might put on the record one or two further statements to make it quite clear. My colleague, the Minister of Agriculture, outlined to the House of Commons on April 23 the problems arising out of the accumulated surplus of dry skim milk and the steps that had been taken to reduce this surplus. Excess stocks have now been reduced to manageable proportions by sales of older stocks of skim milk powder for feed purposes and the stabilization board has withdrawn offers for export as feed although some quantities are still being made available for human consumption to international relief agencies and to governments for relief purposes. By offering this surplus product for export as feed the stabilization board was able to move large quantities of the older powder into export markets quickly in order to avoid deterioration of the product, and at the same time we were able to satisfy other exporting countries that these sales at concessional prices were not seriously interfering with their normal markets which are primarily for powder for human consumption.

With regard to pork, pork products are not among the items on which restrictions have been eased up to the present time—that is, with regard to the United Kingdom—although a number of countries have shown interest in obtaining supplies from Canada, in particular Czechoslovakia. A recent sale has been made at or very near to the world price, and it will represent the first time in many years that Canadian pork other than canned pork has appeared in the European market. Then the hope was expressed that this trial shipment might lead to further orders, which is the normal hope under circumstances such as these. If this food is found acceptable in Czechoslovakia, perhaps the market there may be developed.

Mr. McIlraith: I thank the minister for his statement, because I attach considerable importance to the clarification of this matter in view of the fact that since the first of the

year we have exported these surplus farm products to more than 20 countries. That, coupled with the statement of the Minister of Agriculture in answer to questions on the orders of the day, was capable of an interpretation which would be damaging to our trade, certainly if it was the policy of the government.

I have just two more questions with which I want to deal. One has to do with the statement made by the minister regarding the increase in our exports to the United States. I think the minister should have followed his own D.B.S. statistics more completely in the statement he made with regard to exports to the United States, and given the committee the whole story as to our exports. He told us that exports in the period between January and May of 1959 amounted to $1,186 million as compared with last year's total of $1,135 million. If the minister had gone on and given all the exports, the committee would have seen that exports to the United Kingdom were down a bit, that to the other commonwealth countries they were down some 25 per cent and that to all other countries, excluding the United States, the United Kingdom and commonwealth countries, they were down a bit, and that the total exports for those five months are down from last year. All I want to do in indicating that is to try to give a complete picture, because it shows the problems which do exist in this whole matter of export trade and the importance of this subject. We must keep pressing for markets as best we can all over the world and be very careful not to do anything which will interfere with those markets by any action or policy we may take.

I want to ask the minister for an explanation on another subject altogether. The estimates for this year fall, really, under six items apart from the board of grain commissioners, whereas last year the number of items was 15—I may be wrong about that number. In any event, there is a very sharp reduction in the number of items and there is a corresponding abbreviation in the details given in the latter part of the blue book. I want to ask the minister what was the reason for this change, because it seems to me that change is not an improvement but tends, rather, to make it more difficult to find the type of information which members of the House of Commons would wish to have when dealing with the estimates. In this one year it does, of course, make the comparison much more difficult and it does seem to me that the detail given in the present form is considerably less; practically all the departmental matters are shown under one item, that of departmental administration, and detail which we had expected to find is no longer there. Could the minister tell us why the change has been made?

Mr. Churchill: That is a fair question. There has been a change. This change was brought about at the suggestion of officers of the Department of Finance who are concerned with drawing up and publishing the estimates. A number of separate accounts have been eliminated and the bookkeeping has been simplified, but there is no intention to withhold any information whatever, and I find that the detail in the book of estimates does not differ very much from what was given in past years. The annual report covers the territory completely, and the combination of the two, studied by anyone who is interested in the subject matter, does, I think, give a full and complete picture of the department.

Mr. McIlraith: I hope the minister will practise some determination and stubbornness when he is dealing with the other department on this matter, because while the Department of Finance may wish to have them in a certain form for its own purposes I think, after all, it is the House of Commons which must be satisfied.

Mr. Churchill: I do not want to put the blame on the Department of Finance. Our own officials were in agreement about this change; indeed, they might have been the ones who proposed it. I will take the full blame for the change, anyway.

Mr. McIlraith: In any event, I merely want to point out that changes should not be made merely for the sake of administrative convenience. It is the House of Commons which must exercise control over expenditure, which requires this information and it must always be borne in mind that this is the criterion which should be followed in setting these estimates out.

Mr. Churchill: I am in full agreement. After all, this is information for the House of Commons, but I must, in fairness to the officials, say that I discussed this matter with them some time ago and I agreed to this modification.

Mr. Garland: Following along the same lines, I have been wondering whether the minister would say where the details are to be found with regard to assistance to small business. A specific amount was shown last year.

Mr. Churchill: It is not specifically set out. It is embodied in the general item 380.

Mr. Garland: I notice that in the annual report of last year the following appeared at page 72:

> By the end of October an assistant director and three research officers had been appointed to determine a program based upon these terms of reference and to make recommendations concerning the staff requirements for such a program.

It goes on to say that the branch's initial functions have been concerned with a review of studies relating to the problems of small business in Canada and in other countries.

I should like to know what is being done, and what action the government intends taking this year. I hope the minister will not be too sensitive if I refer to election promises. There were definite election promises made, and one of these promises was reported in a Canadian Press dispatch which appeared in the Montreal *Star* of March 18, 1958. The Prime Minister, speaking in the minister's own province of Manitoba, said the government would set up a special branch to help small business to obtain a fair share of government contracts and—these are the important words for my purpose this afternoon—financial aid to expand.

All of those who have anything to do with business are aware of the increasing costs with which small businessmen are being faced at the present time. Some of this is due to government action and government policy. The increase in taxes, the increase in contributions to the unemployment insurance fund, the higher interest rates which make borrowing more difficult and of course more expensive, all contribute to the problems of the small business man. I say this only to lead into the question I wish to put to the minister. Does the government intend to make long term capital loans available to small business this year or in the foreseeable future? Could I have an answer to this question?

Mr. Benidickson: Mr. Chairman, I want to deal with this same subject. I raised this subject on June 21 and last evening as reported at page 6096 of *Hansard* the minister was good enough to say that this point had been raised and he thought it might be more properly answered when we came to examine the item in the general estimates.

Like my friend the hon. member for Nipissing I could find no item other than the administrative item that would justify the minister for making the statement about this new branch about which there is real concern. I am all the more concerned about it because if a statement is to be made I think it should be made to this committee at this time while these estimates are available for debate. Following our first discussion of the minister's estimates on June 21, an article in the *Financial Post* commented on the fact that the program of assistance to small business had not been examined by the cabinet. That was a couple of weeks ago when the newspaper felt justified in making a comment with respect to lack of progress following the setting up of the small business branch.

I hope we are not going to find that just as soon as these estimates are disposed of, as has happened too often recently, we will receive from the department a statement as to what their plans are and the House of Commons having prorogued we will be deprived of an opportunity of making any comment to the minister concerning what he has in mind and what has developed since the branch was set up.

I am sure the minister is aware that the Retail Merchants' Association of Canada, Incorporated, has been making representations along this line. I wish to quote from a letter sent to me by the general manager of this association which reads in part as follows:

> This association has made the suggestion that a retail business capital loans act be set up for the purpose of enabling retailers to borrow money for rehabilitation and expansion. We have suggested that the mechanics of such an act be similar to those of the Homes Improvement Loans Act, i.e. that the individual loans be made through the chartered banks, with a government guarantee.
>
> This could be done by authorizing the bank to advance 50 per cent to 75 per cent of the cost of the proposed improvement or extension of buildings, equipment, parking facilities, etc. The loans would be repayable over a period of years.
>
> As we pointed out previously such a plan would not introduce any new principle into Canadian finance. Similar assistance has already been extended to fishermen, farmers, manufacturers, homeowners and home repairs, food processors, etc.

That is one medium through which something might be done. One recognizes immediately that perhaps the vehicle of the international development bank might be used by expanding the terms of the act.

One of the industries that has been making representations along these lines is the tourist industry. We know that Canada's position with respect to income from tourists abroad has been deteriorating in relation to the spending of Canadian tourists abroad. We have a substantial deficit at this time. The tourist association at its annual conference indicated that one of the reasons for this situation is that the tourist operator is simply not able to find money in this era of tight money that would enable him to improve his business in a way to attract a large number of foreign visitors, particularly from the United States.

The minister well knows that in addition to the promises we heard at election time to which reference was made by the hon. member for Nipissing, following the government taking office the Minister of Justice

addressed the annual meeting of the Retail Merchants' Association in Vancouver and they got the impression, as did the newspapers, that this government intended to do something along these lines. That, Mr. Chairman, was more than a year ago.

In addition to that we know we have just gone through a winter of extreme unemployment. If some expeditious action were taken along the lines my hon. friends opposite were urging, I think it would have been of tremendous advantage last winter in the matter of the creation of employment if loans similar to home improvement loans had been made available to small business for the improvement of business premises and the improvement of other establishments such as I referred to in respect of the tourist industry.

This is not a matter of not having sufficient notice of this. Last June and July a conference sponsored by the Department of Labour was held on the question of winter employment. Of the five or six recommendations made by that conference only one was adopted by the federal government. The only recommendation made by that representative gathering of employees, employers and government officials adopted by the government was the recommendation of contributing to certain types of work carried on in the wintertime by municipalities.

Another recommendation not adopted was that encouragement should be given to small businessmen to improve their plants by accelerated depreciation, and some assistance in the matter of finance for construction in the winter months. Nothing was done in this respect.

On August 30, 1958 the *Financial Post* took notice of this matter and published an editorial entitled "What Help for Small Business" which reads in part as follows:

> The Ottawa government has done some vague talking about special help for small business.

Then it went on to say:

> The United States small business administration (established in 1953) has been made a permanent federal agency, authorized to grant individual loans up to $350,000 at interest rates which have been cut from 6 per cent to 5¼ per cent.

In the minds of most of us, that is not considered assistance to small business. I referred to this general question the other day without going into detail. I continue:

> In addition, $250 million has been provided for loans by the SBA to investment corporations formed to provide long-term equity capital for small business.

I suggest to the minister that this has been worthy of attention long before now. Many people who had some expectations of the fulfilment of promises in this area were rather disappointed to find that the small business section was set up in the Department of Trade and Commerce. It was expected that if anything more than some free and gratuitous advice was to be offered to business across the country, and if something tangible in the nature of financial assistance was likely to be provided, this section would probably have been assigned to the Minister of Finance. In any event, we have this new branch which has been in existence since last autumn. If the minister has some views in this respect he should convey them now to the committee so that we will not find next week after the house prorogues that, as the *Financial Post* hints, the country then and only then will get some of the minister's views.

Mr. Churchill: The hon. member for Kenora-Rainy River expresses himself in a singularly un-operative way in suggesting that I have nothing to say with regard to small business, and that if I am going to say anything I will say it next week after the house has prorogued and then at the same time expects me to get up and answer his questions. Before doing so, I would like to say this. Last night I noted that questions with regard to small business had been raised and my intention last evening was to go ahead with a statement concerning small business because I thought it was a proper question to come up in the committee. The committee will recall that because we could not continue after ten o'clock without unanimous consent and one hon. member refused that consent we therefore had to discontinue.

Mr. Bell (Saint John-Albert): Incidentally, that member is not in the house now.

Mr. Peters: I object to this statement.

Mr. Churchill: It was the member for Skeena who refused unanimous consent. Had we gone on a little longer I intended to say something about small business.

Mr. Peters: I object to the reference made by the minister to something that happened here in a previous sitting.

The Deputy Chairman: Can the hon. member point to any unparliamentary remark about the hon. member?

Mr. Churchill: I was simply explaining to the hon. member for Kenora-Rainy River why I did not give a report on the small business branch of the department. I had intended fully to do that last night. In an attempt to terminate my remarks within five minutes I inadvertently—and I hope the hon. member will appreciate this fact—said that I

would deal with it when we came to the item in the estimates overlooking the fact that I would have to deal with it under item 380. I thank the hon. member for Kenora-Rainy River for drawing my attention to this oversight but I hope he was not suggesting that I was attempting to evade making a comment on this particular matter.

Mr. Martin (Essex East): The minister would want to mention not only the hon. member for Kenora-Rainy River but also the hon. member for Nipissing, who also spoke on this matter.

Mr. Churchill: I was just coming to the hon. member for Nipissing. I noted his remarks this afternoon. I was intending to ask him whether he would give me the reference from which he was quoting concerning the statement alleged to have been made by the Prime Minister. I did not get the reference; I was not sure.

Mr. Garland: I will be delighted to do that. I said I was not going to use the reference until I saw the Prime Minister in the house. It was a Canadian Press dispatch of March 18 and carried from coast to coast.

Mr. Churchill: Reported in what paper?

Mr. Garland: The Montreal *Star*.

Mr. Churchill: That is the information I wanted. I should also like to congratulate the hon. member for Nipissing on making this reference in the presence of the Prime Minister; whereas some of his colleagues over there this afternoon took advantage of the Prime Minister's temporary absence from the chamber to make remarks with regard to alleged promises. However, in this particular instance the hon. member for Nipissing I think recognized that the promise to set up a branch to deal with small business was kept, as were other promises that were made during the course of election campaigns.

Mr. Benidickson: You promised to make loans.

Mr. Chevrier: On a question of privilege, I am the member who made statements concerning a matter dealing with the Department of Trade and Commerce in which I outlined some of the statements made by the Prime Minister at the city of Cornwall. I was accused by the Minister of Trade and Commerce earlier and again now that I did not make those statements in the presence of the Prime Minister. I am not accustomed to making statements in the house dealing with any member when that member is not here. Unfortunately, I am sure the Prime Minister was out on other important business and was not able to be in the house; but surely I should not be charged with any irregularity because I made statements concerning the Prime Minister in his absence which are quoted in newspaper reports. It is a perfectly proper thing to do even if the member is not in his seat.

Mr. Churchill: Mr. Chairman, I was not suggesting any irregularity. In passing I was simply commenting upon the fact—

Mr. Chevrier: You mentioned it twice.

Mr. Churchill: —that the Prime Minister would like to have this information. He is interested in all that goes on in the House of Commons, and the remarks of my hon. friends, particularly the remarks of the hon. member for Laurier.

Let me get back to the question of small business. The branch was set up after the house prorogued last summer and extensive studies were carried out along the lines that I have indicated in the terms of reference that were given to the House of Commons on September 3, 1958. Those terms of reference were:

1. To act as a clearing house in referring inquiries of small business to the appropriate departments of the Canadian government or provincial and municipal governments and to various other organizations and institutions;
2. To compile and distribute bulletins and reports on topics of general interest to small business including information on government procurement;
3. To assist small business on request to obtain statistical, technical and other information on management, production and marketing problems;
4. To undertake studies concerning small business, particularly for guidance of the government in developing new policies in this field and as background material for dealing more effectively with the problems of small business;
5. In the course of its work, to consult and cooperate with educational institutions, representative business association and other private organizations.

That was quite a program of work for the branch. At the present time the branch has seven employees, including an assistant director and three research officers. The size of the staff has been kept small purposely during the initial stage of the branch's development until it is able to assemble information and make a report. The most important duties of the officers of the branch have been to advise on a program based upon the branch's terms of reference and the staff requirements for such a program. An important part of the work of the branch has been a review of studies relating to the problems of small business in Canada and other countries and with the collection of quantitative and qualitative material on the position of small business in the Canadian economy.

I will not read all of the information I have here but I will summarize it in this

way, that is co-operation with the dominion bureau of statistics, and through liaison with provincial governments a great deal of information has been assembled. Liaison was also established with the United States small business administration. Officials of the department visited Washington in March of this year and a very great deal of work has been done in this connection and, I think, a satisfactory piece of work in the space of less than 12 months since the branch was established.

My hon. friend from Kenora-Rainy River dealt with the need for financial assistance to small business and drew attention to the assistance given by a similar organization in the United States which, of course, is much larger in size than anything we have in mind at the present time. Then he pressed us for rather more rapid action and again talked about what the United States has done. But the United States program of lending instituted in 1953 was preceded by a number of years of investigation of the subject and by the previous extensive experience of lending to small business by other agencies of the United States government. It was not something that was done just overnight. The United States drew upon the experience of many years before going further with its assistance program to small business.

Surely it is only reasonable to give us some time to assess the problem, assemble the facts and establish liaison with various organizations and governments throughout the country before we go further with regard to what is an important sector of our economy. We would not have set up a small business branch under the Department of Trade and Commerce unless we were interested and concerned with the problems affecting small business.

I give at this time a progress report. The branch has been set up. It is being efficiently managed. I think it has done everything possible in the course of the nine months which have elapsed since it was established, and in due course the branch will reach conclusions and draw to the attention of the government various things that might be done for small business. We decided that small business needed a certain amount of assistance and this is the way in which we are going about it. To date I think it has been very satisfactory.

The problems of small business will be analysed and a comprehensive statement will be assembled with regard to small business throughout Canada. At that stage, through the Department of Trade and Commerce, representations will be made to the government as to future policy concerning small business. Small business constitutes the greater part of the business of Canada. Of that we are quite conscious and within our means and within reason we want to do what we can to assist.

Mr. Garland: I wonder whether the minister would answer my question. It covers only one small respect of aid to small business. It was in that spirit that I quoted the reference of the Prime Minister to "financial aid to expand" which literally means capital assistance. Does the government intend to make long term capital loans available to small business this year or in the foreseeable future?

Mr. Churchill: Before a complete answer can be given to my hon. friend, as I stated last year when this was under consideration, we have to have the facts. It is the assembling of the facts and information that is the duty and responsibility of the small business branch and the senior officials to whom the branch reports, who subsequently report to me. I pointed out that in the United States financial aid to small business was only undertaken after years of investigation and experience in other bodies, and the same thing is going to be true in Canada. We have not said either yes or no with regard to this particular problem and are not going to give an answer one way or another until we have the facts before us. That is why I have given the house an outline of the investigation to be undertaken by the small business branch and covering the five points to which I have referred. I have indicated that within the nine months that have elapsed since the branch was set up and the officials assigned to their task they have made effective liaison and assembled a mass of information from the business world. In due course this will be drawn together and future policy will be announced.

Mr. Garland: I do not wish to pursue the matter unduly nor do I want to be offensive in any way but when the minister says that the government does not want to act until it has the facts is he suggesting that these promises and statements were made without the facts? What is one to conclude from what the minister has said?

Mr. Churchill: My hon. friend is one of the most genial members of the House of Commons. I realize that he has never said anything in the house that could be considered offensive and I do not take his remarks as such. However, I do not quite understand the hon. member's question.

Mr. Garland: I will be glad to restate it.

Mr. Churchill: Will he restate it and expand it?

Mr. Garland: Perhaps I can restate it without expanding it. The minister has maintained throughout his comments on assistance to small business that the government does not want to move until it has all the facts and finds out precisely what the problem is. By saying that is the minister suggesting that the promises to assist small business to which I have referred and which were made from coast to coast—I do not want to delay the committee by quoting them—were made without knowing the problems that small businessmen have?

Mr. Churchill: On the contrary, the problems that have been facing small business over the years were known to us at the time of the election campaign to which my hon. friend refers. They were known to other people in the country too but no action was taken by those who had the responsibility of government at that time. It was because no action had been taken that we suggested that when returned to power we would take immediate steps to investigate—

Mr. Benidickson: To make loans.

Mr. Churchill: —to get the facts and after the facts had been assembled would then take action.

Mr. Benidickson: No, no.

Mr. Churchill: I think that is a sensible and sound course. I am sure that my hon. friend, who is a very sensible man, will agree that you must have all the facts at your disposal before you can develop a plan. There was considerable knowledge throughout the country of the problems affecting small business and it was the lack of action on the part of the previous government that caused us to bring about this improvement. We have set up this small business branch within the department, are studying the problem in an intensive manner and will have a very good solution to offer in due course.

Mr. Garland: I have one final question and the answer can be yes or no. Does the government intend to make long term loans available to small business this year or in the foreseeable future?

Mr. Churchill: I thought I had answered that in the course of my remarks by saying that when all the facts are at the disposal of the small business branch and they have reported to me the matter will then be considered by the government. That is the situation.

Mr. Pearson: The minister does not seem to have thrown very much light on the situation. The facts are that on March 18, 1958 the Prime Minister is reported as having stated that a special branch would be set up so that small business could obtain financial aid to expand.

Mr. Churchill: May I ask what you are reading from?

Mr. Pearson: I am reading from *Hansard* for July 17, 1958, page 2341 where there is reference to a Canadian Press dispatch in the Montreal *Star* of March 18, 1958, quoting the promise made by the Prime Minister that this branch would be set up so that small business could get financial aid.

Mr. Churchill: May I ask, is the sentence in the *Star* in quotation marks?

Mr. Pearson: If the Prime Minister says he did not say it, perhaps he will deny it now. It has been repeated many times since March in this house and it has not been denied before. The minister now says the branch has been set up so it can accumulate enough facts to enable the government to decide whether or not the Prime Minister's promise will be carried out.

Mr. Howard: I think the Leader of the Opposition will find that this promise will be fulfilled in 1962. Unfortunately, I was called out for a few moments and I understand that in my absence the minister made a comment about some of the events of last evening. I say with regret that I was not here so I could hear them and I am not in a position to make any reply unless the minister, of course, wants to repeat the references he made since he chose a time when I was out of the house to make them.

Mr. Churchill: The hon. member is rather inferring that I was passing some remarks. I simply stated facts, that is all, and I think they are recorded in *Hansard*.

Mr. Howard: The minister says he stated facts. I shall look in *Hansard* to find out what they were and then we will be in a position to determine whether they were facts or only half facts.

Some hon. Members: Carried.

The Deputy Chairman: Order.

Mr. Howard: About a year and a half ago an announcement was made by the minister with respect to the trade commission in Hong Kong going to the mainland of China for the purpose, as I recall it, of studying the needs of the Chinese people in so far as imports and exports were concerned. I am sure the minister realizes the special interest that exists in British Columbia in the lumber industry and other industries concerning the possibility of extending our export sales in China. I wonder whether the minister would be able to give any detailed information to

the committee concerning what the trade commissioner in Hong Kong discovered about the possibilities of exporting to the mainland of China and any other relevant data covering the question of trade with China.

Mr. Churchill: The hon. member for Skeena has drawn attention to a visit made to China by our trade commissioner in Hong Kong. Subsequently, he was back in Canada and gave a full report of his findings on that occasion which appeared in our publication, "Foreign Trade". This report contained a complete account of his investigation of the trade possibilities in China. I recall that he urged that visits should be made by Canadian businessmen to China if they wanted to enlarge their trade. He pointed out that China operates under a state trading arrangement. There are, I think, sixteen state trading corporations in China, and it is through those state trading corporations that foreign businessmen have to make their arrangements.

The prospects for enlarging Canada's trade with China are not too good. In 1958 we sold 8 cargoes of wheat to China which was a welcome addition to the sales of our wheat during the course of that year. Our total exports in 1958 were just under $8 million, and most of that was wheat. The figures for 1959, therefore, will drop back to what they were before those wheat cargoes were sold. Nevertheless, through the activities of our trade commissioners and through visits of Canadian businessmen and visits of representatives of China to Canada, increasing trade may result. We have had other reports from our trade commissioners indicating interest in China with regard to enlarging its trade with Canada. Several prominent businessmen have recently, within the last year or so, been to China and have written extensive reports in our newspapers concerning their experiences. That is the situation concerning Canada's trade with China.

Mr. Herridge: I just have one question to ask the minister. Could he tell the committee what the government can do to assist the tomato growers of British Columbia and the tomato canning industry?

Mr. Churchill: The hon. member for Kootenay West gave us a dissertation with regard to the tomato crops in British Columbia and indicated some of the troubles facing the growers there. I think we are aware, and we have taken note of their problem. The hon. member drew attention to the freight charges from the United States to Vancouver and from points in Canada, and also drew attention to the tariff regulations. I would point out to the hon. member that although I listened to him with a great deal of interest and although I appreciate the difficulties facing the tomato growers of British Columbia, this is a matter which is not the prime responsibility of the Department of Trade and Commerce. I shall be glad to discuss this with my colleague the Minister of Finance and representatives from British Columbia to see what assistance might be given, but trade and commerce has not prime responsibility in this area.

Mr. Fisher: I have been sitting here for a couple of hours shouting carried, and I have finally been carried away to the extent of wanting to ask the minister a couple of questions. I wondered, first, whether he had received a report tabled in this house by the committee on mines, forests and waters and whether he had any comments to make on one of the recommendations which was as follows:

> Your committee feels that Canada cannot afford to ignore a potential so great for lumber and pulp sales as is offered in the Orient and, therefore, it recommends that these markets be approached on an open-minded basis.

I imagine they feel an open-minded basis would be that no concern would ever be given to the ideology of the particular regime there. I wonder if the minister has any comment to make on that particular recommendation?

Mr. Churchill: We have no inhibitions with regard to trading anywhere in the world. We do not set up any barriers. I have already drawn attention to the activities of our trade commissioners in, I think it is, 59 countries of the world. This proposal with regard to the Orient is very good. Our trade commissioners in that area will advise our exporters at home of the opportunities that may be open to them. I cannot add anything to what our trade commissioner from Hong Kong said, that if Canadian businessmen will visit the countries in the Orient he is of the opinion they will be enabled to enlarge their trade.

Mr. Fisher: The minister does not feel that the fact that we do not recognize Red China has anything to do with the possibilities of trade?

Mr. Churchill: That question has been raised on many occasions here and my answer has always been that we are prepared to trade with any country in the world that recognizes fair trading practices. We have not been experiencing any particular difficulty with China over the years. It is not as if our trade with China has stopped and been restarted. It has been going on over the years with no questions asked.

Mr. Howard: May I raise one point on the answer the minister was kind enough to give

me. I understood him to say that our possibilities of trading with China were not too good. Did I get it correctly?

Mr. Churchill: I would say our trade with China has not been large. For example, in 1955 our exports to China were over $1 million; in 1956 they were close to $2½ million; in 1957 a little over $1¼ million. Then it jumped up in 1958 to almost $8 million, and that was because of the sale of almost $7 million worth of wheat. That gives you an idea of the extent of our trade with China. There are not too many products and I might just run down the list. Phosphate fertilizer, ammonium sulphate, acids, sulphate kraft paper, pulp sulphite, kraft paper, wheat, flour, fine nickel, magnesium, electrical apparatus, scientific apparatus, dental and hospital equipment, piano parts, drugs and chemicals. They are the products which have been sold in the past to China and give an idea of the type of export trade.

Mr. Garland: Mr. Chairman, since there seems to be some doubt in the minister's mind about what was said in connection with this financial assistance, I did raise one matter this afternoon. I would like to remind him of a story in the *Globe and Mail* of February 10, 1958, which indicates that the Prime Minister planned to aid small businesses. Minor tax concessions had been made, but he indicated there would be greater assistance.

Then in a Canadian Press report in the Regina *Leader-Post*, he is reported to have said the government would also establish a small business advisory committee to provide a liaison between small business and the government, and provide financial aid to enable their expansion. Then according to the Toronto *Star* of February 26, the Prime Minister said this:

> Small business was the principal victim of the tight money policy. In order to assist this part of the economy, "the back-bone of every community", a business advisory committee will be set up to provide it with a "share of national government business and provide"—

I am coming to the only point I was referring to.

> "—the financial assistance which will allow for expansion and development."

I can go on but I do not wish to delay the house; I just wanted to make sure that what I said can be substantiated in fact.

Mr. Churchill: I thank the hon. member for drawing attention to those articles, and he does not need to express any regret with regard to delay. I am not in any hurry with regard to these matters and the department is a large department. I have no objection to discussing thoroughly all the business with which it is concerned.

[Mr. Howard.]

Mr. Martin (Essex East): May I remind the minister that a year ago tomorrow this matter was discussed in the house and the subject was referred to in *Hansard*, volume 3, for 1958. Some of his own words will be found on page 2357 and earlier, and while I appreciate the position which the minister is in—he did not make these promises; the Minister of Justice had some part in these assurances—nevertheless the minister is charged with this particular matter. A year from the time that this matter was discussed on his own estimates we are given practically the same answers today. The only conclusion we can draw from all of this is that no progress whatsoever has been made in the implementation of the assurance given to the Canadian people.

Mr. Churchill: I regret my hon. friend is unable to draw a better conclusion than that from the facts which I placed before him this afternoon. A year ago today there was no small business branch, no employees in that branch, no investigation had been undertaken such as has since been undertaken, no liaison had been effected with people in the United States and people in the provincial governments. These are substantial measures of progress as I am sure my hon. friend will recognize.

Mr. Martin (Essex East): I do not. There has been no progress.

Item agreed to.

385. Dominion bureau of statistics, including the fee for membership in the inter-American statistical institute and a contribution of $500 to the international statistical institute, $8,565,609.

Mr. Howard: I wonder if I might ask for some information from the minister with respect to the people who I understand are referred to as enumerators in the compilation of the dominion bureau of statistics figures on those persons unemployed and seeking employment. Could the minister indicate the manner in which these enumerators are selected, how often they make a survey, and what is the degree of concentration they apply in making it? That is to say, how many houses per street, and things of that nature?

Mr. Churchill: I wonder if the hon. member would just restate one part of that question. Is the question with regard to taking a census, when he is asking about enumerators?

Mr. Howard: No. I understand the people who conduct the dominion bureau of statistics surveys of people out of work and seeking employment are called enumerators, and they are the ones I referred to.

Mr. Churchill: What we term the labour force survey?

Mr. Howard: Yes.

Mr. Churchill: That is a sample survey conducted in, I think, 139 areas across Canada. Sample data is collected from 35,000 households, and this is done to provide current and up to date estimates of the employment characteristics of the Canadian population. The survey is carried out on a monthly basis. The people who take the survey are selected by officials of the dominion bureau of statistics.

The Deputy Chairman: Shall item 385 carry?

Mr. Howard: No. I thought the minister was looking for additional information which he was going to give.

Mr. Churchill: Has the hon. member another question?

Mr. Howard: I thought the minister was seeking additional answers through his officials in front of him and that is why I hesitated to rise. I would like to know the payment basis for the enumerators. I pose that as the first question. Are they paid so much a day, or what?

Mr. Churchill: The dominion statistician is on his way down and he will be able to supply that information; I have not got it in front of me.

Mr. Howard: In the meantime I could make a comment or two about the survey itself. This has to do with a dual set of figures, one compiled by the minister's departmental staff, and the other compiled through the Department of Labour. I also have a third set of figures which are not the responsibility of the government, so I do not imagine I could raise them under this particular item.

Mr. Churchill: The hon. member has indicated that he is going to discuss two different sets of figures. We are dealing now just with the dominion bureau of statistics.

Mr. Howard: No, I did not indicate I was going to discuss two separate sets of statistics. I said there are two sets of statistics required —one by the minister's department and one by the Department of Labour—and there is often confusion as far as these two sets of figures are concerned. I appreciate we shall be dealing with statistics compiled by the dominion bureau of statistics and I shall not enter into those compiled by the Department of Labour, but it appears that what is necessary is the establishment of statistics which are more reliable than the ones we have at the moment.

I was able to get some information with respect to the constituencies in Canada where there were no enumerators as of April of this year. Earlier I had attempted both at home and through the department here to discover the names of the people who conducted this enumeration of the labour force in the constituency of Skeena. I had difficulty in finding out who those people were, and I discovered later on that the reason why I was not able to find out who they were was because there was no survey conducted in the constituency of Skeena, neither was a survey carried out in Cariboo, and neither was one carried out in Nanaimo. I also discovered that in every province, except Prince Edward Island, there are a number of constituencies which do not have enumerators engaged in compiling this set of statistics which the minister has. In fact, as of April, 1959, no less than 54 ridings in Canada had no such persons compiling statistics. I know the hon. member for Bonavista-Twillingate will be pleased to know that he was denied this sort of service, as well as other constituencies in Canada.

These 54 constituencies covered a very very large area and a wide diversity of labour forces subject to unemployment from time to time, and it seems to me we are getting nowhere near the correct set of figures in so far as the number of people unemployed and seeking work is concerned. I wonder whether we could have some indication from the minister as to why the areas I have mentioned are not or were not at that date adequately covered by enumerators and whether he has any intention of making this survey applicable universally, or when we may get a better picture of what the unemployment situation is.

Mr. Churchill: The answer is this: the hon. member used the phrase "denial of service" with regard to certain areas. This is not a service to certain areas. This is a sample survey concerning questions of employment. The service is not permanently in the 139 areas I mentioned earlier. These areas are changed and in time the areas which the hon. member mentioned may be made the object of this labour force survey. This has nothing to do with a service to a community such as the hon. member mentioned. There is no discrimination between one area and another. It is a sample survey worked out by competent statisticians. If every constituency had this survey taken every month we would be conducting a continual census and that is not the intention in any way. His mathematical friends will assure the hon. member

that by this method of sampling the population one is able to arrive at a reasonable accurate figure as to the state of employment and unemployment.

Mr. Howard: I understand, then, from the minister that with reference to the areas he mentioned—he mentioned 139 areas—those areas are not on a constituency basis.

Mr. Churchill: It has nothing at all to do with a constituency basis.

Mr. Howard: How is it possible to list, the constituencies in which there are no surveys being taken at a particular time?

Mr. Churchill: Because surveys are not being taken in those constituencies.

Mr. Howard: There is a connection then. I gather it may be a political one. I do not know.

Mr. Churchill: I object to that reference. There is nothing political about it at all. If the hon. member is—

Mr. Howard: Unless the minister is rising on a point of order—

Mr. Churchill: I am rising on a question of privilege and I will state right now what my point of privilege is. The hon. member is attempting to suggest that this is being done on a political basis, and I say that his statement is absolutely incorrect.

Mr. Howard: I understood also from what the minister said that there is a rotating process and that all areas in Canada are covered, or will be covered by this labour force survey.

Mr. Churchill: That is right. They will be in time.

Mr. Howard: Could the minister tell me whether there has ever been such a survey or group of enumerators in Skeena?

Mr. Churchill: We shall look up the record and convey that information to the hon. member. We have not got it in front of us now.

Mr. Howard: Following up that question, I have here as of April 25, 1959 a list of the constituencies in Canada where as of that date there were no enumerators, and rather than read the name of each constituency I ask that it be recorded in *Hansard* at this point so that I may inquire of the minister whether there has ever been a labour force survey in each one of those constituencies, and during what period of time that survey was made.

Mr. Churchill: I suggest that that is the type of question which would resolve itself into an order for return and which, if placed on the order paper, would be dealt with accordingly. I think it would be unwise during a discussion on the estimates to interpose in *Hansard* a list of the length which the hon. member has suggested. The information not being readily available, this would involve a considerable amount of investigation by members of the dominion bureau. I think that is the way it should be dealt with.

Mr. Howard: That will be fine. If it will involve an excessive amount of work I am not so concerned about it, but I wonder if I could have this table included at this place in *Hansard* as indicating which constituencies did not have labour surveys as of April 25.

The Deputy Chairman: Has the hon. member the permission of the committee to have this table printed in *Hansard*?

Mr. Churchill: No, Mr. Chairman, I object to it on several grounds. I think it is unwise to place tables of this nature directly in *Hansard* and I think, too, it would be confusing if the hon. member is attempting to imply that these labour force surveys are carried out in particular constituencies. They bear no relationship to those divisions and overlap one constituency and another. This would only confuse the issue.

Mr. Howard: I wish to place this information on the record in tabulated form, as follows:

No labour force enumerators living or working in the following electoral districts as of April 25, 1959:

Province:	Electoral district:
British Columbia	Cariboo
	Nanaimo
	Skeena
Alberta	Bow River
	Medicine Hat
	Peace River
Saskatchewan	Kindersley
	Meadow Lake
	Moose Mountain
	Prince Albert
	Rosthern
Manitoba	Brandon-Souris
	Churchill
	Marquette
Ontario	Algoma East
	Bruce
	Cochrane
	Dufferin-Simcoe
	Glengarry-Prescott
	Grey-Bruce
	Huron
	Lanark
	Leeds
	Prince Edward-Lennox
	Renfrew South
	Simcoe North
	Timiskaming
	York North

Province:	Electoral district:
Quebec	Argenteuil-Deux-Montagnes
	Bellechasse
	Bonaventure
	Chambly-Rouville
	Iles-de-la-Madeleine
	Kamouraska
	Megantic
	Montmagny-L'Islet
	Portneuf
	Richelieu-Vercheres
	Richmond-Wolfe
	Rimouski
	Saguenay
	Stanstead
	Terrebonne
	Vaudreuil-Soulanges
Nova Scotia	Antigonish-Guysborough
	Digby-Annapolis-Kings
	Pictou
	Shelburne-Yarmouth-Clare
New Brunswick	Charlotte
	Gloucester
	Northumberland-Miramichi
	Royal
	York-Sunbury
Newfoundland	Bonavista-Twillingate

Mr. Fisher: Has the minister received any complaints in connection with the questions to be asked of ladies in the forthcoming census which are designed to determine fertility status? I know I have.

Mr. Churchill: Before I reply to the hon. member for Port Arthur I should like to say that I deprecate the apparent attempt of the hon. member for Skeena to relate an objective labour force survey to political constituencies. I believe he has left the impression on the record that this objective survey carried on by the dominion bureau of statistics is affected some way by political considerations. I want to state clearly and emphatically that there is nothing of that kind whatever in the organization of the labour force survey. It is done according to statistical compilations and, as I said, the survey areas shift about the country from time to time. In the course of the years every area of Canada will be covered.

With respect to the question raised by the hon. member for Port Arthur I have had no complaints or comments whatever with regard to that point.

Mr. Peters: Is it possible to ascertain who these people are that are working for the dominion bureau of statistics compiling these figures? The minister did not reply to the question about how much they were paid and on what basis.

Mr. Churchill: The information as to who these people are would be readily available from the dominion bureau of statistics. I am sorry I overlooked the question about payment. These are part time employees who work one week per month. The rate of pay depending on experience is on an hourly basis varying from $1.45 to $1.60 per hour.

Mr. Brassard (Lapointe): Mr. Chairman, I, of course, accept the minister's word about alleged political influence in the appointment of these enumerators but I would like to know what is the general policy of the dominion bureau of statistics with regard to the hiring and dismissing of them. I ask this question because I have in my riding one man who devoted himself to this work for a number of years and, by pure co-incidence I am sure, he was replaced by my opponent in the last federal election. I am very glad for my opponent but on the other hand I feel sorry for the man who lost this source of revenue for himself and his family.

Mr. Churchill: These positions are part time positions and are not permanent appointments by any means.

Mr. Hellyer: Party-time?

Item agreed to.

Board of grain commissioners (Canada Grain Act)—

387. Inspection and weighing of grain, and related services, $4,427,169.

Mr. Badanai: Mr. Chairman, could the minister indicate why it is necessary on grain assigned to Fort William to have an inspection at Winnipeg and another at Fort William? Why could that not be eliminated?

Mr. Churchill: The hon. member raised this point this morning and I did not have an opportunity to reply to him at that time. The grain inspection at Winnipeg was discontinued this year. The inspection at Winnipeg is now only on special request.

Mr. Benidickson: I know there is another administrative item under which I might raise this question and although it may not be relevant I intend to be brief. Could the minister bring us up to date on export figures with respect to grain? It has been my experience that while some of us receive the *Wheat Review* from the dominion bureau of statistics the information it contains is three or four weeks behind the information available to the minister.

Would the minister also give us some specific figures on the export of grain out of the lakehead this year compared with last year? Could he also give us figures with respect to exports from Vancouver? I understand that exports out of the lakehead are especially low this year. I think it has something to do with competition for ships

vis-à-vis the iron ore trade. Would the minister indicate whether or not the iron ore trade is more remunerative and tell us what the situation is?

Mr. Churchill: Would my hon. friend change his question and not say "exports" from the lakehead but "shipment"?

Mr. Benidickson: Yes, of course. It could go to a Canadian port.

Mr. Churchill: I will make that information available at seven o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Churchill: Mr. Chairman, perhaps I can answer immediately the questions raised by the hon. member for Kenora-Rainy River. He asked about the shipment of grain from the lakehead, indicating that the quantity shipped this year had been below that of last year. This is a matter of very considerable importance.

From the opening of navigation to July 13, the latest figure that I have available, the movement of grain by water from the lakehead amounted to 105,570,000 bushels. This compares with 161,318,000 bushels shipped from the lakehead during the same period a year ago.

The grain movement during the first 60 days of the 1959 shipping season on the great lakes was disappointing. The reasons for this small grain movement were discussed before the standing committee on agriculture and colonization, and the representatives of the wheat board who were present summed up the situation as follows, and I quote their statement as it appears in the report of that committee:

> There are reasons for the delayed movement of grain from the lakehead. The seaway was a new experience for all concerned and in the early part of the navigation season there were unavoidable delays in the movement of vessels. Beyond this, however, a new pattern of inland shipping was being worked out both for grain and other commodities. For example, lake vessels were making the long trip to St. Lawrence ports rather than the short trip to Georgian bay ports. In many cases, grain and ore were moved in combination. No one could anticipate to what extent ocean vessels would utilize the seaway to move grain directly from the lakehead. All these problems are sorting themselves out and there is every indication that the 1959 shipping season will see an adequate movement of grain from the lakehead.
>
> In the meantime, the board has had, and will continue to have, sufficient wheat in eastern positions to meet all export commitments.

Another factor was the early and continuing heavy demand for ore shipments. During the first week of July, however, lakehead grain shipments exceeded those of the same week a year ago and I hope we shall have the same results for the remaining weeks of the crop year.

It is obvious that the delay in the grain movement out of the lakehead will affect the final quota position in Manitoba and in parts of Saskatchewan. There are still over 20 million bushels of space available in eastern Canada and I hope that the vessel movements out of the lakehead will be sufficiently large to fill the greater part of this space, at least by the end of the crop year.

The wheat board said at that meeting of the committee that I mentioned, and they have reaffirmed subsequent to that committee meeting, that they think the crop year will end with delivery quotas of seven and eight bushels per specified acre. That, of course, as hon. members realize, depends upon steady grain loading until the end of the crop year and that steady grain loading is still going on. With two weeks still to go I think we may reach that quota position.

The hon. member for Kenora-Rainy River also wanted to be brought up to date with regard to the export position concerning the principal grains. I hold in my hand the *Wheat Review* for June, 1959, which has just come off the press and which gives the figures for August 1 of last year to June 18 of this year. The export of wheat as of that date for the 1958-59 crop year to June 18 was 221,703,933 bushels; for oats, 5,423,824 bushels; for barley, 47,855,011 bushels; and for rye, 1,099,477 bushels; flaxseed, 12,572,616 bushels.

Mr. Fisher: I have one question in regard to the wheat situation at the lakehead. There were a number of difficulties that the minister may be aware of in the early part of the season with respect to the facilities at the elevators for handling foreign ships. I believe this does not come properly as a direct responsibility under this particular vote and this particular agency but I wondered whether the board has made any study of the matter, and feels that there needs to be a re-assessment by the elevators of their loading facilities, so that these foreign ships of larger draft and greater size and with different types of hatches could be accommodated better at the lakehead elevators than at present?

Mr. Churchill: That has been a matter of study during the course of the present shipping season and alterations have been made at some of the loading points already to accommodate foreign ships. I think that with the experience of this year all the necessary changes for loading of foreign ships will be

made before the next shipping season commences. It has been a bit of a problem but the people concerned are fully aware of it and in some instances have already made the necessary alterations.

Mr. Fisher: One point that has bothered me is that when this problem first arose at the lakehead there was an immediate demand that the government do something about it and a lot of the responsibility was laid upon the government. I felt at the time that perhaps this was being too kind to the government and that this really should not be a government responsibility at all. It seemed to me that the government's role would be one of advice and perhaps suggestion and leadership. Could the minister outline just what the government's responsibility would be and, so far as these changes are concerned, are we to expect that the government is going to pay anything toward the changes or contribute anything in the form of a subsidy or anything like that?

Mr. Churchill: That question has not arisen. The government's responsibility would be considerable at a government owned elevator but, as my hon. friend is aware, these elevators are mostly owned by other parties and any alterations would be the responsibility of the elevator company.

Item agreed to.

General administration—

582. Departmental administration, including fees for membership in the international organizations listed in the details of the estimates—further amount required, $700.

Mr. Peters: Mr. Chairman, I asked the minister this morning what the government had decided to do with respect to sales of uranium. I understand that while I was out a number of other hon. members were very interested in getting the reactor established in their ridings. It was said that it should be in Algoma East, Essex East, Nipissing and several of the Newfoundland ridings. I am not speaking on behalf of these people who want the reactor as I think there are factors that will decide where it is going to be established, but I am interested in ascertaining from the minister what he or the cabinet have decided to do with respect to the matter of building CANDU.

The minister may disagree or agree but it has been suggested by newspapers that if we are going to continue the sale of natural uranium we are going to have to give some leadership in the construction of the reactor that will work with this type of fuel. There are several interesting things in the annual report of Atomic Energy of Canada Limited and I should like to read one or two paragraphs.

> The preliminary design study, which was completed in 1957, estimated that CANDU could be built for approximately $60 million. The development costs were not included in this total, as it was not thought reasonable to load the cost of the first large station with all the costs incurred in development.

Stopping there, I think this raises an interesting point. I used the example this morning of the Arrow program having some similarity to the handling of our nuclear program, and it will be noted that there is a difference here. Maybe we have learned something and are not now including the development costs in the cost of the first CANDU unit. We are not told in the report what the development costs for CANDU were. The report continues:

> The study also concluded that if the station were incorporated in a public utility system, and operated with an annual load factor of 80 per cent, the cost of power produced would be under six mills per kilowatt hour. In other words, the target in Canada for a station of this size might well be reached.
>
> As a result of the considerable effort which has gone into the design and the associated development of CANDU, and the success to date of the NPD-2 program, there is now great confidence that the preliminary estimates on CANDU are realistic. Work will continue on the present design and development phase until this is completed. The construction of CANDU will then be considered. The station would take about four and a half years to build.

I suggested this morning that if we got at the program of building CANDU and established the first natural uranium nuclear plant of commercial value we would be able to produce power by 1964 from this type of plant. The minister disagreed with my statement. I said that if he got cracking on it we might do it in less time and that it might be done by 1963. I do not think an answer has been given whether or not we have gone ahead. The *Financial Post* has speculated that if we go ahead with this type of program we will be in the international uranium market but if we do not go ahead with it then the United Kingdom and other countries are going to make use of enriched uranium and our natural uranium will not be useable in the type of reactor designed to use that kind of fuel. I think the cabinet or whoever makes the decision for Atomic Energy of Canada Limited should indicate if we are going ahead with the program, if we have not already done so, and I think the people of Canada should know the decision.

The hon. member for Burin-Burgeo stated today that it would be of great advantage for Canada to co-operate with England in an

atomic development program. While I did not think of this idea myself, I believe it merits a great deal of consideration because it seems to me that we in Canada are faced with the expenditure of large sums of money for development when we are having a great deal of difficulty financing the development of our natural resources without going into industrial development as well. England, a country that is faced with a lack of power and energy in all forms, is in vital need of this type of plant. I can see the advantages, both political and economic, in Canada and the United Kingdom joining together to produce a form of reactor that will be satisfactory to both countries. I think the minister should tell the Canadian people now if he has any new thoughts on the matter and if and when he is going to do something about it. I should like to suggest to the minister that if I were he I would try to reshuffle some of these departments he has under his jurisdiction.

The Deputy Chairman: Order. While I have allowed the hon. member to go on, I should like to point out that we have not come to the energy board yet. This is a supplementary item under the heading "general administration" dealing with departmental administration. I have checked the item in the details and I find that it refers only to an amount of $700 for a fee paid to the international coffee study group. Therefore that would not open up the department.

Mr. Churchill: May I say that I will give the answer when we come to the item dealing with atomic energy because the questions raised by the hon. member are good questions.

Mr. Benidickson: Under this new supplementary administration item I should like to ask the minister about the likely timing of the supplementary report on private and public investment that is usually issued by his department. Will that be available fairly soon?

Mr. Churchill: That report was issued today. I am glad the hon. member had drawn attention to it. He will be very pleased with it, as I am, because it indicates that the revised figures in 1959 will be more than $200 million above the estimate which was presented early this spring and will exceed the total capital expenditure of the year 1958. The revised figure for 1959 is $8,555 million whereas for 1958 the capital expenditure was $8,417 million.

That represents a significant increase and plans for social capital spending have been little changed from those outlined at the beginning of the year and still involve outlays about 4 per cent above those of last year. On the whole, the results of the mid-year survey of investment intentions reflect increasing business confidence. More new projects are being initiated than was the case in 1958. Where business establishments have revised their investment plans these revisions have been preponderantly in an upward direction. Respondents in the mid-year survey were asked to outline the reasons for any changes in investment plans. The most frequent reason given for expanding a capital program was that the longer run sales outlook had improved.

In summary, the accomplishment of present investment plans will mean that construction activity will reach record heights in 1959 and that spending for machinery and equipment will reverse the downward trend evident last year. While the year-over-year increase planned in capital spending is fairly modest the realization of the program outlined will involve a substantial increase over the rate of activity in the first quarter. It may be expected that capital expenditures will exert a strong expansive influence on the economy in the latter part of the year.

Mr. Benidickson: May I just say that I rather expected this information would be available about now. I had inquired and found that just about this time, and some times earlier, the mid-term estimate was available. I believe this is an illustration of how this government is prepared to avoid giving to parliament the proper information before we are discussing estimates. If this question had not been asked I doubt that we would have got this information today. We would have obtained it after the estimates of the minister had been passed. He would have had this data released and the people in his department would have put out a good mimeographed publication assigned to three hundred or four hundred people and sent to the press.

The minister knows that he went a little far in March when he tabled the original public investment report and he was challenged on that report on both March 10 and 11. He blazoned to the press the thought that there had been an increase in the new year of $100 million in the aggregate of public investment. He ignored the fact that as a result of population growth and G.N.P. growth, everything else would be up beyond that percentage figure. On March 10 I asked a question of the minister. The record is there, and I am not going to belabour the committee with it. On March 11 the hon. member for Ottawa West asked a subsequent question, a factual question, and you will find that the minister in his reply evaded the essence of the question asked.

The point is that $200 million, with reference to that report which involves $8.4 billion, is just about a one-fortieth increase and everybody knows that with population growth the G.N.P. should rise, the Minister of Finance says, 7 per cent this year. This particular increase, which is a very important integral factor in the G.N.P., is up only one-fortieth. I think we should have had this interim report tabled in this house at the opening of the sitting this morning. It was available, and we were going to question the minister about it because I knew he would have a typewritten report even if he had not a printed copy. We would have obtained this information on the floor of the house only if questions were asked.

The point is it was available for publication, but only as a result of questioning do we get this information. These growth rates are so much under what is happening in the United States at the present time that they naturally cause a great deal of alarm to a great many Canadians. I hope the minister will indicate the segments in the economy in which this growth has taken place. I recall when he tabled his report on private and public investment in Canada for 1959 it actually showed the prospect of a decrease of $100 million. It was indicated that in the social field there was going to be an increase having regard to provincial and municipal investments, but in so far as federal responsibility was concerned there would be an expected decrease, particularly in the area of housing. I think the minister might give us a little more information about this because, as I pointed out in my question on March 10, there was a decline of $100 million notwithstanding a rise in population and a general expectation of the average growth from year to year. We can only regard this as a defeat, so I hope the minister will indicate from what segment of the economy he expects the $100 million which he forecast as a reduction will be overtaken. We now have a $200 million increase beyond his original forecast, and where does it occur?

The Deputy Chairman: I must bring to the committee's attention the fact that this item 582 refers only to a vote of $700 to the international coffee study group. Of course, I am in the hands of the committee and whatever the committee wants to do it can do by unanimous consent, but in my position I must draw the fact to the attention of the committee that these matters are not relevant to this item.

Mr. Pearson: I think probably, strictly speaking, you are quite correct, but the fact remains that the minister, now that his main estimates have been passed, has answered a question about this very important mid-summer report of investment intentions, one of the most important documents we could obtain, particularly in relation to the Department of Trade and Commerce. Now when these main estimates are completed we learn about this document. Perhaps there may be another item under which we could discuss it, but in view of the circumstances in which this document could become public I would think we should be permitted to ask some questions about it. Perhaps the first question would be to ask the minister why we did not have an opportunity to have this information before us when discussing the main estimates?

Mr. Churchill: I think we might as well discuss this problem right now. I do not mind in the least.

The Deputy Chairman: To keep the record straight, will the committee give unanimous consent to the minister discussing this particular matter which has been brought up?

Mr. Benidickson: On that point, I would not think it needs unanimous consent. I think you should not try to invoke a precedent. My experience is that when we have had supplementary estimates we have always had a great deal of freedom in discussion of departmental policies which may have developed from the time we discussed a similar item on previous occasion in the same session. I think in fairness, Mr. Chairman, you should just see whether you get any protests or further debate.

The Deputy Chairman: I must point out that I stopped the hon. member for Timiskaming who was going on to another matter, and in fairness to him, of course, I had to draw the matter again to the attention of the committee.

Mr. Churchill: Mr. Chairman, I think you were quite right, and the hon. member for Kenora-Rainy River is just hair-splitting as he was doing earlier when talking about this report, and trying to create the impression that there was some concealment. It is that I object to, because on June 25, as reported at page 5170 of *Hansard*, when the estimates of this department were introduced, I said this:

> The customary mid-year review of spending plans is now under way. Although the final figures will not be available for another two weeks or so the results to date indicate upward revisions in anticipated outlays sufficient to raise total projected spending for the year up to and probably a little above the actual outlays in 1958.

My hon. friends had that information placed at their disposal on June 25, and now

they get up and say that I attempted to conceal some information from them. It was all there, and furthermore it is a good report which was released by the dominion bureau of statistics today. My hon. friends just do not like to receive good news. This disappoints them. They asked the question in the hope they could show that things were getting worse, but things are getting better, and they were a bit non-plussed. I would have come to this thing eventually.

Mr. Pearson: When? The next session?

Mr. Churchill: We had to be asked the question. I draw to the attention of my hon. friends that things are improving in Canada, and for that improvement business and government can take some of the responsibility and the credit. My hon. friends do not like good news, and that is why they raise this objection now.

Mr. McIlraith: Mr. Chairman, one point arising out of the minister's remarks which I think he owes it to the house to clarify is why he did not table the document today if it was available as he indicated it was, and available to him throughout the day. Why was it not made available to members of parliament dealing with the estimates of his department?

Mr. Pearson: The minister said that on June 25 he told the house that this report was not yet completed, but the information when it was completed would likely indicate a very favourable situation, and that in a couple of weeks or so it would be completed. On the basis of that statement two weeks ago that the report might show something we are expected to accept now from the minister a final report at the end of his estimates, a report which has an important bearing on those estimates, and expected not to complain but to assume that two weeks ago he was speaking correctly when he said that the report might show that. The minister also said a moment ago that he would have come to this report eventually. When would he have come to the report? We are on the supplementary estimates now. On what item of the estimates would we discuss this? It is an important report which has not been shown to the House of Commons. I do not know whether it was given to the press or not.

Mr. Churchill: Mr. Chairman, it was by sheer accident that the Department of Trade and Commerce estimates were not completed in June. I was prepared to go ahead with them but there was a change of program. By now they would have been completed, before this report was even printed and published. Then my hon. friends would have cried blue ruin again. The economy is expanding and they do not like to hear about that.

Mr. McIlraith: Let me clear up one point. The minister obviously has had this printed report today. Why did he withhold it from the house? I ask him the question, why was it not tabled and distributed in the proper way?

Mr. Churchill: Mr. Chairman, I am not withholding anything.

Mr. McIlraith: Why do you not table the document, then?

Mr. Churchill: For all I know it has been tabled.

Mr. McIlraith: It is your duty to know.

Mr. Benidickson: It is tabled under the minister's name.

Mr. Churchill: If my hon. friends want copies I think we can have copies made available to them.

Mr. McIlraith: Not as a concession at the end of the estimates, but as a matter of right.

Mr. Churchill: Certainly as a matter of right. You are entitled to the document.

Mr. Chevrier: Then produce it.

Mr. Churchill: My hon. friends will be here for some time and we will have documents for everybody in the chamber, I hope.

Mr. Pickersgill: Even for the press.

Mr. Benidickson: Would the minister say when he first saw the printed report such as would be tabled in this house?

Mr. Churchill: I think it was at one o'clock, and I did not have a chance to read it.

Mr. Martin (Essex East): Could the minister kindly tell me if the report has been already released to the press?

Mr. Churchill: I would have to ask about that.

Mr. Pearson: It is easy to find out.

Mr. Martin (Essex East): Am I not correct in saying that the report was printed over a week ago?

Mr. Churchill: Of that I am not aware.

Mr. Pearson: Could the minister find that out, because his officials will undoubtedly know? If it is the case, it has been in printed form for the minister, and if it has been released to the press it is an extraordinary thing that while we have been on these

estimates for two days we in the committee have not had the advantage of this report and information.

Mr. Churchill: I must correct one statement of the Leader of the Opposition. This has not been in the possession of the minister for two weeks.

Mr. Pearson: I did not say two weeks.

Mr. Churchill: Or several days. It is only seconds ago that I stated I first saw it in printed form at one o'clock today.

Mr. Benidickson: Does the economic division of the minister's department produce for the minister prior to an order for printing a copy of such report and, if so, when did they produce a manuscript of this report?

Mr. Churchill: I did not receive a manuscript of this report from the economics branch.

Mr. Pickersgill: It was printed then without the minister ever having read it?

Item agreed to.

ATOMIC ENERGY

Atomic energy control board—

37. Administration expenses of the Atomic Energy Control Board, $62,800.

Mr. Pearson: Mr. Chairman, we have been going quite fast in the last few minutes, but I think this item deals with the atomic energy control board.

Mr. Churchill: Mr. Chairman, shall I make a statement first? I did not realize we had reached vote No. 37 with such dispatch, but I have a statement to make about the atomic energy control board, which is item No. 37 and is distinct, of course, from Atomic Energy of Canada Limited itself. It is a very short statement on this control board.

With the uranium producing industry in full operation, and with most of the information relating to peaceful uses of atomic energy declassified, the board's duties in connection with prospecting and mining and with security matters have been lightened considerably. Its responsibilities in health and safety matters, however, have increased, partly because of the increasing use of radioactive isotopes in industry and medicine, but mostly because of nuclear reactor projects outside of Chalk River.

Three of these have been dealt with; the nuclear power demonstration plants, a 20,000 kilowatt nuclear electric power plant at Des Joachims on the Ottawa river, a one megawatt swimming pool research reactor at McMaster University, Hamilton, Ontario, and a sub-critical reactor—or more properly, assembly—at the University of Toronto. The board has set up the reactor safety advisory committee to advise it on the health and safety aspects of reactors, and on the advice of this committee, given after intensive study of each project, has issued a construction permit for the first, and construction and operating permits for the other two.

In connection with CANDU, the 200,000 kilowatt power reactor referred to in my statement to the house on June 18 last, the selection of the site will be made by Ontario hydro subject to approval by the various other bodies concerned and by Atomic Energy of Canada Limited, and the committee will review the health and safety aspects of any proposed site before a construction permit is issued.

Another matter that is growing in importance is the export of uranium under the arrangements announced last year for export of sample quantities, under bilateral agreements with friendly nations, or through the international atomic energy agency. Under the act and regulations the board has to give final approval for these exports and must in this connection keep closely in touch with the other agencies concerned, particularly external affairs, trade and commerce and Eldorado.

That the board with its very small staff has been able to deal effectively with the matters in its charge is, of course, very largely due to the co-operation it has received from other government authorities, federal and provincial, and from the public.

Mr. Pearson: I have already spoken about this particular matter, to which I think great importance should be attached, and there is not very much I would add to what I said this morning, but I should like to pay my tribute to the scientists and the engineers who are responsible for this nuclear reactor CANDU and to express the hope which has been expressed by the hon. member for Timiskaming that the nuclear power plant will be put into operation as quickly as possible, indeed if that is not done we shall be left behind, since the United States and the United Kingdom are making great progress in this field and in the export of their reactors and their knowledge to other countries. I think we must admit that they have some advantages over us, particularly the United States, because of the terms they can offer.

I was reading only the other day that nuclear power development in the United Kingdom had been carried so far that another station was about to be built, I think, in Dungeness. I also understand that our particular reactor is as efficient, as economical and as advanced, if not more so, than any

other in the United States or the United Kingdom. We have, if I may put it this way, a good product and it is very important to get that product into the markets of the world, and in doing so to assist those who are concerned with uranium in general.

The minister has mentioned that the site for the nuclear power plant has not yet been decided. He has received a good deal of advice this evening as to where it should be erected, but I take it from what he has said that the federal government is only one of the agencies which will determine the site of this establishment; Ontario hydro and Atomic Energy Limited will also have something to say about it. I would only repeat, as the hon. member for Nipissing is not here tonight, that there are very definite advantages attached to a site near Elliot Lake not only technically and from the point of view of the availability of material but because this is a community which is living now in conditions of insecurity arising from the possibility that contracts with the United States will end in 1962. During this intervening period of uncertainty it would really mean a great deal to that community, which is the centre of the uranium district in this country, to have the plant in that area. But that is, of course, something which the minister and the other levels of government together with the Ontario hydroelectric commission will have to decide.

We are now on the verge of great developments in this field, not only in the military but in the non-military uses of nuclear energy. We in Canada have certain advantages, not only as to the material used but because of the skill and knowledge of our scientists and engineers who have developed a plant which is second to none in the world. I am sure that the government as well as all Canadians will wish everything possible to be done to ensure that our country remains in the forefront of this development which is fraught with such great possibilities not only for ourselves but for the rest of the world.

Mr. Chevrier: I should like to follow up what the Leader of the Opposition has said by asking the minister what the position is with regard to the development of power from atomic energy. He made a short statement on this subject a moment ago, but I should like to know exactly how far we have advanced in development of power in this field. What is the cost of the reactor? How much will be contributed by the federal government, how much by Ontario and how much by the hydroelectric power commission. Further, I should like to know—and this may be a question that cannot be answered at this time—how the cost of the development of one horsepower from atomic energy compares with that of developing an equal amount of energy from water power.

Mr. Churchill: I made a short statement on the atomic energy control board which is the item we are now considering. Item 39 deals with Atomic Energy of Canada Limited. I do not think it is material whether we restrict our discussions to the control board. I think that last year we ranged the field and then passed the four items one after the other, so I will now proceed to make a statement concerning item 39, namely, Atomic Energy of Canada Limited. Then perhaps I will answer some of the questions which have already been asked, and subsequently I will endeavour to answer some other questions.

I think there was a misunderstanding earlier as to the program. The hon. member for Skeena was reading from the annual report of Atomic Energy of Canada Limited which came out in May, and the program for proceeding immediately with CANDU was announced in the House of Commons on June 19, and I think this led to a measure of misunderstanding as to what was being done. But with regard to the program of atomic energy development generally in Canada I would like to say a few things.

The present Canadian power reactors being built and designed are a direct evolution of the work at Chalk River, starting with the original zero energy reactor in 1945. This was a heavy water moderated experimental facility and it is still used for basic reactor research. It was followed in 1947 by the very successful NRX reactor which is heavy water moderated and cooled with ordinary water. This reactor has proven to be one of the best research and engineering test reactors in the world. The NRU reactor followed in 1957, with five times the power of NRX, accomplished primarily by arranging for cooling with heavy water. It has been working very well for the last six months, following a period of start-up problems. It is the first reactor in the world to change fuel under power, now a routine operation.

The prototype power reactor NPD-2 which is under construction and due for operation in 1961 is heavy water moderated and cooled, as will be the first full-scale plant, the 200 megawatt CANDU recently approved for construction. All of these reactors are fuelled with natural uranium.

Concentrating on one basic system has allowed our scientists and engineers to become thoroughly familiar with all the detailed advantages and disadvantages of the system.

They are recognized throughout the world as being the best qualified group in this particular field. It is to our advantage that we have stayed with one line and it is not because we have refused to look at other reactor systems. There is nothing mysterious, to the scientist, about the other systems such as the graphite moderated reactors so well developed by the United Kingdom, or the light water enriched reactors developed mainly in the United States. Although our knowledge of these systems is not as intimate as it is with the heavy water systems, through our associations with scientists and engineers in the United Kingdom and in the United States we have a good understanding of what is involved and can make reasonably valid comparisons between the Canadian approach and that of other scientific groups. The technical staff at Chalk River are continually reviewing new and promising reactor concepts and to date have seen no reason why we should change our present approach.

Having established a position as one of the five leading nations in atomic energy development and having become particularly well qualified in the heavy water field has had its effect on the interest of other nations in the Canadian program and in the Canadian establishments as a training base. The advanced countries such as the United Kingdom and the United States are interested in joint programs of basic research or fuel development or even reactor designs, whereas the lesser developed countries are more in need of general training for their scientific staff.

The program of co-operation with the United Kingdom and the United States is extremely close and fruitful. Both countries have about fifteen personnel stationed at Chalk River. We have a long history of excellent co-operation with the United Kingdom, particularly in the research field where there has been a continual exchange of staff between Harwell and Chalk River for a number of years. More recently much closer collaboration has been agreed upon in the applied programs of reactor development in both countries. Technical staff from the United Kingdom atomic energy authority industrial group are working closely with their opposite numbers at Chalk River. A joint project associated with the design and development of steam cooling a heavy water moderated reactor has been inaugurated. The United Kingdom reactor designers recognize the merits of heavy water as a moderator and are active in design studies using this material. Chalk River have two experienced professional staff assisting on this work at the United Kingdom industrial group design office. The UKAEA are quite cognizant of Canada's advanced position in heavy water reactor development and are relying to a considerable extent on some of our experience, particularly that related to fuel development and the general problems associated with handling heavy water.

The co-operation with the United States has been very close and very broad from the start of the program in Canada. The whole of the uranium oxide fuel development work which is an essential part of the power reactor program has been closely allied with projects of the USAEC. The Chalk River reactors NRX and NRU are ideal test beds for fuel development and the NRX reactor, particularly, has been used to a maximum degree. The United States atomic energy commission has co-operated to the extent of supplying major pieces of equipment and a steady flow of special fuel specimens. The results of all the work are shared, regardless of where the project originates, which has undoubtedly assisted in reaching the present advanced stage of the oxide fuel development.

The USAEC has recently shown special interest in the power reactor development program in Canada. They are placing engineers on the design teams on both the organic cooled heavy water moderated study, as well as the CANDU project. This is in addition to the staff normally located at Chalk River and is indicative of their interest in the heavy water system for nuclear power. Although the USAEC has pioneered the work on organic coolants and will have much to offer the Canadian project, they have not, to date, proposed a reactor project coupling organic coolant with heavy water moderation. The Canadian project will be a very important link in the over-all development of the organic reactor systems. The USAEC will be developing two other systems utilizing organics and the heavy water moderated system fills an obvious and very promising gap. A full exchange of information on each of these projects has been arranged.

Co-operation with India needs special mention. As is well known, Canada is providing India with a large research reactor known as the CIR—Canada-India reactor—under the Colombo plan. This reactor, similar to the NRX reactor at Chalk River, is scheduled to go into operation next spring or early summer. Atomic Energy of Canada Limited is providing extensive technical assistance in connection with this project, including the training of the Indian operating and maintenance staffs and in the preparation of the necessary handbooks and manuals. Thirteen engineers are now at Chalk River receiving training of this kind.

Owing to the shortage of working accommodation at Chalk River, AECL has had to limit the number of staff from other countries attached to Chalk River, but during the past year it has been possible to accept one or two scientists and engineers from about twelve of these other countries to stay at Chalk River for extended periods. To meet the need for training larger numbers of qualified staff from Canada and abroad, a reactor school is being established at Chalk River. The first course will be given early in 1960. An announcement about the reactor school will be made shortly by AECL and a prospectus will be issued to all organizations likely to be interested.

While atomic power will no doubt become the most important peaceful application of atomic energy, the uses of radioisotopes in medicine, agriculture, industry and research are also very important and far-reaching advances are steadily being made. The commercial products division of AECL processes and sells the radioisotopes produced in the Chalk River reactors and designs and develops equipments using these radioisotopes.

The principal source of revenue of the division continues to be the sale of Cobalt-60 and Cobalt-60 beam therapy machines. There are now six models available and 147 have been sold to 27 countries. A new Caesium-137 unit is also now being made on a production line basis. This machine is of special benefit in the therapy treatment of growths close to the skin. Another new item of equipment being marketed by the commercial products division is the Gammacell 220. This is a completely shielded semi-mobile unit containing a very high activity Cobalt-60 source for use as a development tool or an industrial radiation source.

Revenues of the division were down slightly during 1958 owing to a decline of foreign orders, but in recent months new orders have shown a definite improvement. As a result, it appears that the volume and value of sales will continue at the rate of about $2,500,000 per annum.

As I announced in the House of Commons on June 17, the success to date of the work on the small power reactor coupled with the results of further experiments by the scientists at Chalk River and the design work of the engineers in the nuclear power plant division located in Toronto, has been such that a decision has been taken to proceed with the final design and construction of a full-scale nuclear power plant. This rounds out Canada's nuclear power program which may be summarized as follows:

The 20,000 kilowatt NPD-2 project is expected to be in operation in 1961 and will give Canada an early demonstration unit and will be particularly useful in the development of fuel cycles and the general development of reactors of this type.

The 200,000 kilowatt CANDU is scheduled for completion in 1964 and will be our first full scale power reactor. This design will rely heavily on the design of NPD-2 and, exclusive of design and development costs, it could prove to be an economically competitive unit if it is operated in the Ontario hydro system as a base load station and is competing with imported coal.

The OCDRE, organic cooled deuterium reactor experiment, design study fills several roles in the program. It may be considered as a "back-up" to the NPD and CANDU type of design where an organic material replaces the heavy water as the coolant. One of the specifications covering the design is that the steam produced from the reactor is of a quality which could be used at a northern site with Frobisher Bay as the preference. It is quite possible that this system would produce the most economical plant of all for small stations fueled with natural uranium. It is quite reasonable to expect this design to produce the best natural uranium fueled plants in sizes up to about 150,000 kilowatts, electric.

A project to study the enriched systems for application in very small sizes at remote Canadian sites is under way. This project consists of a study contract relating Canadian load and site conditions to the reactor designs and prototype plants which have been thoroughly investigated in the United States. The Canadian contractor is obtaining full cooperation from the relevant United States sources. This study should give us the answer as to which system would be most economic for application to remote sites. The project is jointly sponsored by AECL and the Department of Northern Affairs and National Resources.

Although these power reactor projects are a major portion of Canada's program we should not lose sight of the importance of the work at Chalk River associated with the general research and development program. This is really the hard core of all atomic energy development in Canada and without this large fund of knowledge and experience the power reactor designers would soon find themselves faced with problems beyond their experience and competence. This establishment is costing the government of Canada from $25 million to $30 million a year. Part of this could be assigned to the specific task of developing nuclear power but there is also a large part which is needed to keep Canada

in the forefront of nuclear development. I think that all will agree that the money is being well spent and certainly those who have had an opportunity of visiting Chalk River will approve of this expenditure.

The staff is generally quite young: they are vigorous and competent and measure up well with any similar group anywhere in the world. Canada gained the enviable position of a leading nuclear nation during and immediately following the war. It is the scientific and technical personnel and the support they are getting which is keeping us in this position.

The estimates for 1959-60 follow right along with the program outlined in my policy statement of February 1, 1958, and my statement of September 3, 1958 on last year's estimates. The total of $31,379,500 consists of $7 million for the NPD-2 project and the design and development work on CANDU and approximately $24.4 million for Chalk River. The effect on the estimates of the approval of the CANDU project will not be seen to any extent this year other than through commitments.

Mr. Martin (Timmins): Mr. Chairman, I should like to raise a couple of points. With the blessings of the coming of industry, and particularly the mining industry, we have always had dangers in certain mines such as occupational hazards or illnesses pertaining to that particular mining industry. For example, there is the illness caused by gas and the danger of explosions, and so forth, in the coal mining industry. We have always had the scourge of silicosis in the hard rock mining industry. A great number of people from my riding have left there to work in the uranium mines in various places such as Bancroft, Blind River and elsewhere. Many of them have left their families there and they come home from time to time; they move back and forth. There is always a lot of talk. I do not know how much of it is true, and how much of it is embellished, about the dangers involved in radiation, and so forth, in the uranium mining industry. Can the minister inform the committee as to what has been the experience to date, just what hazards peculiar to this mining industry have developed and what steps the government has taken to combat those hazards?

Mr. Churchill: I am informed that there is no special hazard attached to the mining of uranium that differs from other mining activities. There is the question of control of dust, and the mining authorities institute the proper control systems and the provincial governments exercise supervision over those precautionary measures.

Mr. Martin (Timmins): Does that apply as well to the processing? In other words, from experience there has been no instances of radiation poisoning or anything of that nature in the mining process or in the processing of the ore afterwards?

Mr. Churchill: There is no radiation hazard in the processing operations.

Mr. Martin (Essex East): Can the minister tell me whether he has any information at hand with respect to this matter? He mentioned that 167 cobalt bombs were sold to 37 countries. Can he tell me how many of those cobalt bombs were purchased out of funds provided by health and welfare for use in Canada?

Mr. Churchill: That is important information which should be made available and will be made available to the hon. member but not immediately. We will send word to him tomorrow.

Mr. Martin (Essex East): The former secretary of state for external affairs, who should know about the number of countries, informs me that I was not correct when I said 168 countries. I should have said 37.

Mr. Herridge: I just have one question and it is related to the agreement between the government of Canada and the government of Japan for co-operation in the peaceful uses of atomic energy. Clause 3 of that agreement reads as follows:

> It being the intention of the contracting parties to avail themselves, as soon as practicable, of the safeguard facilities created by the international atomic energy agency, the contracting parties may, in respect of this agreement, request the said agency to apply, in such respects and to such extent as the contracting parties may from time to time agree, safeguards in accordance with article XII of the statute of the said agency. Consultations looking to such agreement shall take place upon the request of either contracting party.

My question is: In view of the great dangers from the disposal of atomic wastes in the oceans of the world and in other places, can the minister inform the committee what check the government of Canada makes with respect to clause 3 of this agreement? Does our atomic energy board advise the government as to the safeguards that are required and check to see that the agreement is being kept in that respect?

Mr. Churchill: Matters affecting health or that may affect health in Canada come under the supervision of the atomic energy control board.

Mr. Herridge: I am referring to the disposal of wastes as a result of the use of this uranium in Japan. This article provides for certain safeguards and I am wondering

how Canada would check and who advised the government with respect to the application of this clause.

Mr. Churchill: The safeguards that are introduced into these agreements are to make certain that the material will not be used for military purposes. When a country using this uranium for peaceful purposes has a problem, just as we have in Canada or in the United States or in the United Kingdom, with regard to the disposal of waste products that is their own special problem because the people affected are their own people.

Mr. Pearson: I should like to ask the minister to deal with two questions I asked earlier. Has any other province than Ontario shown any interest in co-operating with the federal government in the construction of a nuclear power plant? Second, are there any negotiations under the Japanese-Canadian treaty for the actual sale of uranium to Japan? I understand that the treaty is really just an enabling treaty.

Mr. Churchill: All provinces are aware of the development going on at Chalk River. They are all kept informed and they have representatives in attendance from time to time to consult with the authorities of Atomic Energy of Canada Limited and with our scientists at Chalk River so that they know what is ahead in the way of the development of these power reactors. But at the present time, for the erection and use of CANDU, Ontario is the only province which is in a position to take advantage of that development and in a position to pay for it at the time. The amount of electric power that will be produced by CANDU could only be utilized by a grid system as large as the present one in Ontario.

With regard to the bilateral agreement with Japan, it does not require Japan to purchase any given quantity of uranium but it does provide a method by which the sale of uranium to Japan may be made. In the case of countries who have no bilateral agreements sales can be made through private agencies provided they are limited. Where there is a bilateral agreement there is no limitation provided the safeguards are utilized.

Mr. Pearson: Are any negotiations going on under the bilateral treaty at present for the actual sale of uranium to Japan.

Mr. Churchill: My information is that there are some negotiations going on for the sale of Canadian uranium to Japan.

Mr. Pearson: Thank you.

[Mr. Herridge.]

Mr. Peters: Would the minister inform us if any consideration has been given to the matter of co-operation with the United Kingdom? I think the minister questioned my statement that there had been some discussion of this question but the *Financial Post* points out that the United Kingdom is in a serious position in this field because of the lack of power and that it could prove advantageous both to Canada and the United Kingdom if they were to develop jointly an enriched uranium program that probably could be implemented through the building of a dam and power project at Hamilton falls in Labrador. Would the minister and the department take a look at that type of development as opposed to the one the minister has outlined in which we are now engaged? It would seem that we are pretty well putting all our eggs in one basket and concentrating on the development of natural uranium when at not too much cost we might be able to co-operate with the United Kingdom in the development of enriched uranium using this power source to which I have referred.

Mr. Churchill: I think I asked the hon. member if he had any authority for saying that the United Kingdom was prepared to co-operate with Canada in the development of Hamilton falls for the eventual production of enriched uranium. I have heard of this proposal and have read the article to which the hon. member has referred. We are quite prepared to consider any reasonable proposal that is within the financial reach of our country. I understand that the production of enriched uranium is a very expensive process indeed. If the requirements are such that further enriched uranium should be produced and that this could be done in Canada with the co-operation of the United Kingdom we would certainly be interested in considering the proposition, but at the present time I am not sure that it is feasible or that we have the money available, even jointly with the United Kingdom, to embark upon it. Nor am I certain that there is at present a need for the supplies of enriched uranium which would result from that development.

Item agreed to.

NATIONAL RESEARCH COUNCIL

252. Salaries and other expenses, $26,192,170.

Mr. Noble: Mr. Chairman, I should like to make a request to the minister in respect of the development of a more suitable substance for treatment of our highways for winter driving. Under existing conditions and with the materials now used car and truck owners are suffering tremendous damage to their

vehicles from rusting. Furthermore, the salt induces rapid deterioration of cement surfaced walks and roadways. With our researchers doing such remarkable work in other fields, would it not be within the realm of possibility that a non-rusting material for use on our roads could be developed?

Mr. Churchill: I will have to draw to the attention of the national research council the suggestion put forward by my hon. friend. I do not think I can answer offhand but it will be directed to them for consideration. I thought that at this time the committee would perhaps like to have a short statement on the national research council.

The Research Council Act gives the national research council very broad powers in the scientific field, setting it up as an agency to assist and promote scientific research throughout the country. The council discharges its responsibilities in three main ways. First, by providing assistance for the graduate schools of Canadian universities from which come the supply of scientists; second, by giving scholarships to graduate students; and, third, in its laboratories where research of national interest not being done elsewhere is carried out.

The national research council's university support has been continuous for forty-two years and has been increasing rapidly through the last few years. Without minimizing the contributions from other sources, it has been the national research council that has provided the main financial support for university scientific research in Canada. The current expansion of the universities together with the need for increased emphasis on science in the western world has made the financial problem of university research very difficult. The challenge to the council is to increase its university support to meet the accelerated requirements for post-graduate scholarships and research grants. The present status of science in the universities is largely due to financial support from the national research council. Recognizing the present need, the government last year increased national research council support to universities by 70 per cent, that is $2.5 million. It is now proposed to provide a further increase of $2 million, that is 33 per cent, for 1959-60, of which $500,000 applies to medical research. This brings the total national research council support for university research in 1959-60 to approximately $8 million.

The laboratories of the national research council carry out fundamental and applied research in science and engineering that is of national importance and also assist and encourage research in Canadian secondary industries. The more research industry does the more interested it is in seeking advice and assistance from the national research council. This leads to the non-obvious conclusion that the more research industry does, the greater the need for the national research council laboratories to expand.

Expenditures by industry on scientific research in Canada have increased from less than $5 million before world war II to $130 million in 1957 and $140 million in 1958. This is an encouraging increase but the total amount is still very low and in some industries no research is being carried out in Canada. In some cases the problem is one of awakening an industry to the need for research; in others, a Canadian firm is a branch only and the parent company does all research and development outside Canada. Industrial research in Canada is directed almost entirely towards development which leaves the council laboratories almost alone in the field of basic industrial research.

The laboratories have undergone a steady growth since 1939 when the staff was about 300 until today, in spite of having split off defence research and atomic energy, the staff numbers about 2,400. During this expansion every effort has been made to maintain a steady and effective expansion of the laboratories as manpower considerations permitted. This steady increase is being continued and the present estimates provide for an increase of staff to 2,511 by March 31, 1960. There is nothing spectacular in the estimates for the laboratories.

The highlight of these estimates are as follows: the total increase of $4,141,376 brings the total requirement of the council to $30,-133,580. Vote No. 252, the operating vote, is increased by $3,531,441. The main items in this increase are: first, scholarships and grants for university research, $2,300,750; salaries, $961,787.

Research agreements with several universities for increased research in oceanography amount to $200,000. The present oceanographic effort, centred around the resources and interest of the fisheries research board, the Royal Canadian Navy and the hydrographic survey, is not considered to be adequate to meet the requirement for fundamental research nor for the increasing demands of wider national and international interests. The council feels that it should give special support to work in this field. To take care of immediate problems it is proposed to make funds available to establish or assist oceanographic research departments in two or three universities which have demonstrated interest and ability in this field.

These three items I have mentioned account for $3.1 million out of the total increase of

$3.5 million. A large part of the remaining $370,000 is required for supplies and equipment for the laboratories.

I might mention, with regard to vote 253, construction or acquisition of buildings, works, land and equipment, that the increase in the vote for capital expenditures is $609,935. This increase is caused by the anticipated acceleration of three construction projects started in 1958-59 without benefit of the compensating completion of any large project. These three projects are a new communications branch building on Riverside drive, a high speed wind tunnel laboratory at Uplands, and a new laboratory for the division of applied physics at the Montreal road site.

Mr. McIlraith: Can the minister tell us when it is expected these three major buildings he has mentioned will be completed?

Mr. Churchill: It appears to be 1961 for two of the buildings, the communications branch and the high speed wind tunnel laboratory and later for the applied physics building.

Mr. Brassard (Lapointe): I have one question to ask of the minister. On the first item I asked him if he would consider the possibility of sending to the Saguenay-Lake St. John region one or two experts from the national research council to meet with officials from the Aluminum company and Price Brothers to study the possibility of establishing some minor industries in my riding in connection with the by-products of aluminum and pulp and paper.

Mr. Churchill: Yes, the representatives from the technical information branch of the national research council will accede to your request.

Item agreed to.

549. Construction or acquisition of buildings, works, land and equipment—further amount required, $600,000.

Mr. Chevrier: Before we complete these estimates, may I ask the minister if he would not reply to those questions I asked about the cost of developing power from atomic energy. I had to leave the house for a moment, otherwise I would have asked the minister earlier.

Mr. Churchill: I am sorry; things moved rather quickly. Would the hon. member like an answer now or subsequently?

Mr. Chevrier: I think if the minister gets the information later I would be satisfied.

Item agreed to.

The Deputy Chairman: This completes the estimates of Trade and Commerce. Item 280.

[Mr. Churchill.]

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

280. Contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces, $9,000,000.

Mr. Pearson: This is not in accordance with the procedure announced last evening. I wonder if we could get some explanation as to why this change was made. We had assumed that mines and technical surveys, then fisheries and post office would come up.

Mr. Churchill: This is a change in the announced program. The Minister of Northern Affairs and National Resources is expected in Victoria tomorrow morning in order to meet Her Majesty, the Queen. For that reason we are asking the indulgence of the house to proceed with his estimates tonight. I must accept some responsibility for the error. I did not realize his departure had to be made tomorrow. If the house is agreeable we will proceed with the balance of the estimates of that department.

Mr. Pearson: Does that imply that if the minister's estimates are not completed by ten o'clock we shall go on until they are finished? Otherwise, of course, there would be no particular purpose served in going on until ten o'clock and having the minister come back tomorrow, because in that event he would miss his appointment anyway.

Mr. Churchill: Let us see what progress has been made by ten o'clock, and then if the house is in an agreeable mood we might continue for some time after that hour. I think everything will work out for the best.

Mr. Fisher: I would like to know if we could have what word the minister got from Old Man Ontario?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I contacted the provincial treasurer of the province of Ontario on Monday morning and he had no reason at all to oppose publication of the announcement of these roads. I think I should just read the list of roads off and then I will say a word about the program itself.

The program is as follows: The first road is from Savant Lake south to Ignace, approximately 90 miles. The second road is from Foleyet to Chapleau south, approximately 60 miles. The third road is from Minaki south, approximately 15 miles. With this road there is the condition that they may go further north, subject to my approval in writing. The fourth road is from Nakina northerly, approximately 50 miles. The fifth is from Goldpines to Uchi Lake, approximately 50 miles. The

sixth is from Port Arthur north, approximately 70 miles. The seventh is from Campbell Red Lake mine to H. G. Young mine, approximately 2 miles. I will read the general description of the eighth road to make it clear:

Resources development roads in the northwesterly part of the province: To facilitate the exploration and development of timber, mineral and commercial fishing resources. The location of these roads will be determined by the provincial minister, subject to the approval in writing of the minister. The decision of the provincial minister will be based on information that will be supplied from a photoraphic and magnetometer survey along with geological reconnaissance to be carried out in the area north of the Canadian National Railways from Nakina westerly to the Manitoba boundary.

The last road, No. 9, is as follows:

Resources development roads in the northerly part of the province: To facilitate the exploration and development of timber, mineral and commercial fishing resources. The location will be determined by the provincial minister subject to the approval in writing of the minister.

Mr. Chevrier: What is the total mileage?

Mr. Hamilton (Qu'Appelle): I cannot give the hon. member the total including the last two roads, because the routes and mileages have not yet been ascertained; but the total mileage for the first seven roads is 335. That does not include the mileage of the ones in the northwesterly part of the province or the ones in the northerly part of the province which are contemplated.

I would like to say a word on the roads to resources program. This is not a new concept. It was first debated in this house in 1911. It was a proposal of the government of the day led by the Right Hon. Mr. Borden, and it was supported by Sir Wilfrid Laurier. The original proposal of 1911 was turned down by the Senate, and the next we heard of this proposal was in the province of Ontario in the thirties. It was a very fine idea, first of all, to open up access to mines, and then it was gradually evolved into a program to include all types of roads.

I should like to make this point about the road program in general and its development, as I see it, across Canada. I should like to make very clear to the house that of our over-all expenditure on national develpoment, northern development takes only about 10 per cent. I should like to suggest that already dividends have appeared. This summer over 50 oil and gas exploration parties in the north are using over 400 scientists and men in the first stages of the development program. To point out to the house the significance of this to the people of Canada, three years ago oil and gas revenues totalled about $300,000. This last year ending March 31 it was close to $9 million, which was a sizeable increase. Last year it was $900,000, and that is a tenfold increase in one year. If our experience in the Northwest Territories and the Yukon is the same as in Alberta, we can expect eventual revenues of between $100 million and $250 million a year from this source.

I noticed in the discussion here on Saturday that it was mentioned that road costs have been revised upwards. This is true. I could give the committee an example of one road which was mentioned in the debate, the Flat Creek-Eagle Plain road. On the advice of men who helped to build the Alaska highway and who had built roads in the territories, both public and private, I told the committee on mines, forests and waters last year that I expected this first section of the road to cost between $5 million and $8 million. The estimates now are that it will be over $10 million. But when I told the committee that the estimated amount of money which would be spent by the oil and gas companies along the route, mostly on this road but to a lesser degree on roads to the south, will total in the next few years some $200 million, the proportion of money being put into this program by the government as compared with private enterprise is small indeed. I think there is a good example of how you can trigger off expenditures of private enterprise in opening up our resources.

Finally, the purpose of the roads to resources is to open up new country. It is not a winter works proposal. Forest access roads may be. It was designed as one of the first proposals we put forward on winter works, but the roads to resources program is a program of opening up virgin resource areas. The way it works is simple. The province makes the proposals to the federal government and we examine these proposals to see if the criteria we have set up are met. That is to say, whether they open up resources of timber, fish, minerals, tourist wealth and so on. In the case of the province of Nova Scotia and the province of Prince Edward Island where they have not virgin resource areas to open up, we allow them to use roads and open up areas for the tourist industry. This last provision also applies to a small degree to the province of New Brunswick.

I believe, and I believe almost all Canadians will support me in this, that this is a good type of program and it is worthy of support, and if ever a program was evolved with less politics in it or suggestion of politics I would like to know, because I do not think any government, Liberal, Social Credit, C.C.F. or Conservative have intimated in any way to the federal government that these roads should be used for political purposes. These roads are built in areas where there are very

few people. The roads that serve the settled areas of our provinces are purely a provincial responsibility, and this is an innovation only in the sense that the federal government has come into the provincial arena of road building in those areas where you want to open up new resources.

Many people over the years have spoken in favour of these access roads or, as we now call them, roads to resources. It is a policy which, I think, is for the good of the country and quite frankly I do not think the program was helped too much by the suggestions that were made here on Saturday. As far as I am concerned I hope hon. members will support me in what I am trying to do to persuade the provinces to help their own future by opening up areas which will benefit from these access roads and, in the west, giving me access, as minister in charge of this department, to the north. That is the theory and the substance of the roads to resources program, and that is how it works.

Mr. Pearson: The minister has seen fit to criticize the attitude taken by the opposition in this house the other night. We on this side have been very patient with the minister and, of course, we should be because of his inexperience in parliamentary affairs, but I think the time has now come to ask him why it is necessary for the federal government to get permission from the government of Ontario by telephone before the minister can give information to this house as to how a federal appropriation is being spent or, indeed, as is likely, has been spent. Perhaps that is the first question the minister would like to answer.

Mr. Hamilton (Qu'Appelle): I think that is a reasonable question, and one that the committee should be informed about. In the first instance, when you are working out a roads program with the province there is a good deal of discussion and negotiation which goes on about various roads. I think hon. members here are experienced enough to know that if word gets out in an area of any province, regardless of the politics of that province, that there is a possibility of a road starting from a town and heading north, naturally the people of that town are strongly in support of it. It is also obvious that the people in other districts would like to put forward arguments that their town should be the starting point.

This choice of starting place is purely a provincial responsibility. We are not very much concerned about the starting place of the road. We are concerned that it should open up resources. But if this became a matter of public discussion, the province, no matter what its political complexion, would be subjected to such pressures that it would become very difficult for the two governments to work out a program bearing in mind only the resource development of this country. I would like to pay a compliment to the governments across this country for maintaining silence while these roads were being negotiated. Even though there were differences between the two governments on points of detail as to what resources were going to be opened up and whether or not it was worth while, these discussions were carried on in a most harmonious fashion. Looking back over the last year and a half of negotiations I can say that my department, the officials particularly, have a right to be proud that all these negotiations were carried on without any acrimony between the governments concerned.

To keep this thing at this level, the government in each case exchanged letters agreeing that there should be no discussion on which roads were being decided upon until an agreement had been completed. In fact, the letter said, until an agreement was signed. In the last five or six months we have been discussing what might be called legal points. Some of the roads have been decided upon in most cases for months, but the legal points of the agreements are still under consideration. That is the reason why there has been this long delay in making announcements.

I think hon. members will appreciate that if I had my way, from my point of view, I would have liked nothing better than to be able to announce progress of this program as the roads were decided upon between ourselves and provincial governments, and not wait until all the legal work was completed. But that was the agreement we made, and that was the agreement I kept to. And as far as the legality of the vote was concerned, I think that the vote last year contained the words "roads that will be built and may be built", and we got authority from that; and this year the words "may be" are left out because I am positive that all the agreements will have been signed within a month or so.

Mr. Fisher: Mr. Chairman, this has been a pious explanation, but if I can be impious I should like to say that the minister's explanation is satisfactory except that it does not cover this point: the minister has known for some time that one party to the agreement, in the particular case with which I am concerned the province of Ontario, has been releasing details all along the line. We watched Premier Frost for 18 minutes on television one pre-election night while he was extolling his government for carrying

out this access road program in Ontario, and all the roads to which the minister has referred were mentioned. We heard all about this magnificent road he was building between Savant Lake and Ignace, and how this was going to open up the centre of the northwestern Ontario area. We were told about this marvellous road from Nakina to the Anoconda property which would provide access to the iron ore deposits, and we even got the details about this road from Port Arthur, part of the cost of which would be borne by the Abitibi company and part by the provincial government.

The point which I should like to bring to the attention of the minister—and I do not think it was answered directly, though I think it deserves an explanation—is that if someone is breaking an agreement hon. members of this house should have some protection. I think that is a modest request, and if the minister suggests to us that the province of Ontario and the representatives of northwestern Ontario have not made political hay out of this particular program, then he is naive. Maybe he is naive—I hear that he is—but the hon. gentleman is very naive if he is unaware that political capital has been made out of these projects.

After all, this is what the Frost government fought the election on. The minister may make the excuse that there are not very many people up there, but Premier Frost has made a good deal of play with the vision passed on to him by the Prime Minister. People like the idea that we are booming, and they like the idea that we are developing the north country. This is a good program, on the whole, and some of these roads are good, though there are a couple about which I am doubtful. But for the minister to refuse to give the hon. member for Kenora-Rainy River and other hon. members here information month after month while all the time the provincial people were making political capital out of it was just unfair to members of parliament. After all, we have some interest in this thing. Perhaps if we had a Conservative member in northwestern Ontario we would have been given this information by the government, but it just happens that northwestern Ontario is a bloc which has no Conservative representation in this house. I am very suspicious that despite the minister's assurances he has been not so much naive as willing to play along the party line in order to support his provincial confrere.

I have said enough about this, but I should like to know the purpose of the road from Goldpines to Uchi Lake and the reason why the province wants to put in that particular road. I want to know why the province wants to put in that road. What are the arrangements with Abitibi on sharing the cost of the road from Port Arthur? I should also very much like to know if any of the roads listed under 9 and 10 are going to go into the area west of Wren lake which is suffering from a budworm epidemic at the present time.

Mr. Benidickson: Mr. Chairman, the hon. member for Port Arthur has referred to the fact which I think should be noticeable by now that no minister to my knowledge has so postponed the giving of information to which any hon. member of the committee is entitled as has the Minister of Northern Affairs and National Resources. The hon. member referred to questions I raised last session about roads to resources in Ontario. Hon. members will recall that there was a delay in answering starred questions and they were carried over for months. No other minister followed such a course. I do not want to be a bad boy in this respect and I know the minister has some obligations to perform and I want him to be able to perform his duties. On the other hand because of his conduct in the last two years with respect to members from northern Ontario he has not deserved any consideration when he is in the jam he is in tonight.

The record speaks for itself. Ignoring last session altogether, if one looks at page 5648 of *Hansard* for this session, the appendix that was prepared by the Secretary of State showing unfulfilled requisitions which are normal requisitions—things which I think anyone on the government side would admit were within the competence of any member of parliament to ask—he will observe that there are more items unanswered for which the minister is responsible than there are items with respect to any other department.

I think there is something wrong on the part of the minister in his attempt to ignore requests from an area that has a natural interest in these matters. On three different occasions during the 1958 session I asked the minister questions about a road with which he is perfectly familiar, the prospective road from Kenora to Minaki. On every possible opportunity the minister avoided a direct reply. I want to inform my colleagues in this committee on both sides of the chamber who know something about these things and are, I think, sympathetic, that in 1957 a road was started from Kenora to Minaki for election purposes and the day after the Conservative candidate was defeated work was stopped on that road. The very same thing happened in 1958. I believe the minister owes us an explanation. If we were participating in

politics in days gone by that would perhaps be a typical and natural way of doing things at the time but I want to tell the minister he is 25 or 50 years out of date and this issue is registering in the county.

The same road between Kenora and Minaki was announced by the prospective provincial candidate for election in May as something that was going ahead. He of course was Conservative. The funny part of it is that work started just as it did in 1957. They started to spend money. I want to ask the minister if the federal government contributed to the construction of this road in both the campaign in 1957 and in the pre-election campaign in 1958. The federal government did contribute in 1957 as proved by the minister's return to me and yet the minister comes before this committee and says that among his best friends, the province of Ontario and the federal government, they have in two plus years in office been unable to form an understanding or agreement with respect to this desirable road program if it was carried on, on a civil service basis. They have not done so.

I want the minister to tell me what road programs have gone on with respect to the Kenora-Minaki road in two consecutive years contributed to by the federal government as evidenced by a return the minister gave to me. I think this committee was responsible for contributing $54,000 in 1957 and it started all over again in 1958. As soon as the election was over there was no work for anybody because the present incumbent was elected. I believe that should be explained by the minister.

Mr. Pickersgill: Mr. Chairman, before the minister goes into detail about this, may I say there is a question of principle involved here which is far more than a refusal on the part of the minister to answer questions asked by the hon. members for Port Arthur and Kenora-Rainy River. The House of Commons votes the money for this program. This program has been going on for two years without these agreements being concluded in a formal legal sense with any province except British Columbia. The money has been voted and a good deal of it has been spent.

The minister had the effrontery the other day to suggest that it was McCarthyism for us, who have to vote the money, to ask for information about it. And then in a last minute effort to get his estimates through he said he would telephone the premier of a province to see if the premier would give his consent to his telling the sovereign parliament of Canada what it has a perfect right to know without the consent of any provincial premier.

[Mr. Benidickson.]

Now, that is the real point. I say it is not good enough just to give these projects for Ontario.

The hon. member for Timiskaming the other afternoon was very reasonable about this matter. He said if there were some of these roads or routes that had not been agreed upon between any provincial government and the federal government he would not press the minister about those. That is a reasonable attitude because some would not have been agreed upon and might have to be changed. But the hon. member felt we were entitled—and I contend that the House of Commons is entitled—to be told about all those roads concerning which there is no difference of opinion any longer between the provinces and the federal government. Any private arrangement that the minister made with a provincial government to keep this information secret from parliament should not be binding in any way. The minister should either get himself out of such an agreement or parliament should not vote the money. That is the situation.

We should not be voting this money blindly with provincial premiers and provincial ministers of highways going around the country exploiting the grants for political purposes, or even not exploiting for political purposes. Whenever we vote money, except possibly in a few cases to the Department of National Defence, we are entitled to be told what the money is going to be used for before we vote it. It seems to me there is a question of principle here and the minister should do what he has done in the case of Ontario. Of course, there can be no difficulty in British Columbia because the agreement is signed. He should get up and give us the name and description of all these routes in the other provinces about which there is no longer any dispute between the provincial government and the government of Canada.

Mr. Benidickson: It is Tammany hall.

Mr. MacLellan: Mr. Chairman, I feel there is a very important principle involved in this point that has just been raised. It seems to me that the matter of highways comes within the jurisdiction of the provinces, not of this parliament, and where money is voted by this parliament to build highways in any province, then it should be a matter under the jurisdiction of the government of that province to decide just how those highways will be built, when they will be built and where. It also seems to me as a corollary to that, if any announcement is to be made in regard to a highway being built in any province, that announcement should be made by the minister of highways in that province or

certainly, if in this house, only with the consent of that province. As far as I am concerned, in Nova Scotia we feel that highways is a matter that comes under the jurisdiction of our local government, and personally I would think it would be a breach of our provincial autonomy if the minister rose in this house and gave information about the building of a highway in the province of Nova Scotia without the agreement of the government of Nova Scotia. I think it would be an invasion of provincial autonomy if an announcement of that kind were made in this house without the agreement of the minister of highways of any province.

Mr. Pearson: In reply to what the last hon. gentleman just said, he will undoubtedly realize that the Minister of Public Works has been breaching provincial autonomy now for two years because he has—indeed he has the duty to do it—constantly given us information in this house on appropriate occasions about the trans-Canada highway. It is a joint project between federal and provincial governments. It is under provincial jurisdiction and the routes are chosen by the provinces. The minister said just a few minutes ago that as the federal government makes a contribution to it, naturally the Minister of Public Works tells us how that money is being spent. That is exactly the position that the Minister of Northern Affairs and National Resources should be in in respect of those highways. Are we in this house not to know how the federal share of this expenditure is to be made? Are we to vote those appropriations without getting the necessary details? Is that a breach of provincial autonomy to ask the minister how federal money is being spent? That is all we are doing.

The minister has said that one of the difficulties about giving information on this matter is that there is always controversy over where a road will go. If you tell where a particular road is going to go, then you get in trouble with neighbouring communities. They would like the road to go through their communities. Of course, that is quite true. We have not been asking the minister about that. We have been asking the minister about roads that have been agreed upon. I do not see how the minister can have any embarrassment in giving that kind of information in respect of roads that have been agreed upon, even if there was any difficulty in any other respect. I am going to quote what the minister said the other night. I am quoting from page 5883 of *Hansard*:

> I can say this, that in Ontario there are seven roads upon which agreements have been made.

These were the roads concerning which information was being asked, and he was pressed on this. Then, a few minutes later he said:

> I feel that as long as I keep my part of the bargain I have done my duty.

Apparently there was some bargain he had made with the provincial government not to give this information and presumably it was a bargain that was supposed to work both ways but did not. The minister said: As long as I keep my part of the bargain, if the province wants to give out all the information, I have done my duty. Then, a little later at page 5884 he had this to say:

> Just because there is an information leak at the provincial level—

By the premier of the province over television during the election campaign.

> Just because there is an information leak at the provincial level he stands up here and asks me to break my written word in letters to the governments of these provinces that no information would be put out from the federal level.

Is that the obligation the minister undertook, meaning that no information will be put out at the federal level? It was a mutual obligation. Does the minister not think he was relieved from any such obligation, real or imaginary, when the premier of a province gave out the information during an election campaign? Nevertheless, the minister said as long as I keep my part of the bargain, and Premier Frost tells everybody all about it over the television, I am not going to say anything. Then, further, after a good deal of questioning and pressure, the minister said at page 5887 of *Hansard*:

> If the hon. member will take my word for it, I will call the premier and ask permission to forget this mutual understanding—

He was replying to the hon. member for Port Arthur. The premier had forgotten about it weeks ago. I continue:

> I will call the premier and ask permission to forget this mutual understanding of the two governments, though, no doubt, that will cause some embarrassment in other provinces.

Apparently he phoned the provincial treasurer, I think he said tonight. I continue:

> I will certainly phone the premier, and I am quite certain that if it is correct that the information is around the province he would agree that there is no reason to keep it quiet. The election is over.

And it certainly is correct.

Mr. Pickersgill: The election.

Mr. Pearson: "The election is over". Then, a few moments later the minister had this to say:

> I am speaking on a point of order. I gave an answer to the hon. member and in giving that

answer I stated quite candidly that I could not see there was any reason whatever of a political nature—there was no election in the offing—for not giving this information and immediately this stampede starts.

The minister is naive indeed if he is surprised at the stampede starting. We would like the minister to explain, if he has not yet explained, why it is necessary to phone the premier of Ontario to get information as to how federal money is to be spent, or has been spent, under an agreement, money which we are being asked to appropriate tonight.

Mr. Martin (Essex East): Mr. Chairman, this matter is of such importance from the point of view of the rights of this parliament that I am sure the matter cannot be allowed to rest with the statements that have been made thus far by hon. members. I believe there is a duty on each member of this house, no matter where he sits, to address himself to the right of parliament in respect of a proposal made by the government for moneys for a particular purpose, to insist on the right to know all the circumstances connected with that request.

I have before me the observations of the leader of the opposition in 1938, the Right Hon. Mr. Bennett, who stated what I think is not only a matter of privilege for members of this house, but what at the same time involves a duty in the case of any member who feels a particular situation needs elucidation, particularly a matter that has to do with a proposal by a minister for the expenditure of public money. Mr. Bennett, at page 3834 of *Hansard* for 1938, volume 4, said the following:

One of the duties of that branch of the House of Commons known as the opposition is to investigate the expenditure of public moneys. Unfortunately the present opposition is small in numbers, so there falls upon me a much larger obligation than I like to contemplate, but one which as long as I occupy this position and am paid a salary for it under the provisions of the Public Service Act I shall continue to discharge to the best of my ability.

That statement surely justifies the position taken by the Leader of the Opposition and others in the remarks they have made this evening, and some of the remarks that were made by some other hon. members in this committee on Saturday last. Mr. Bennett goes on and at the same page he said:

When public finance is involved it is the duty of every member of the opposition to endeavour to show whether the country got the greatest value possible for its money.

How can that possibly be done unless we are given all of the information, information which the minister, mistaking his function, I believe, felt on Saturday and apparently feels tonight he cannot properly and completely give to the house? This is surely a matter going to the very roots of this institution which we call a free parliament. If there can be any doubt about the words of Mr. Bennett I would refer the house to the commentary in that authorative book by Professor Dawson entitled, "The Government of Canada". At page 439 Professor Dawson says:

Inasmuch as virtually all government activities entail expenditures, and as most of these expenditures must be authorized by the approval of estimates, it follows that sooner or later the house must pass on most of these activities of the government in committee of supply. Each item—

I ask the minister to pay attention to these words; I ask the minister who is leading the house to pay attention to these words, because these are the kind of words we were reminded about when hon. gentlemen sat on this side and said that the former administration continuously disregarded the rights of parliament.

Mr. Walker: May I ask what page that is?

Mr. Martin (Essex East): Page 439. I will read it again because I do not believe that the two ministers associated with this particular matter at this time were free to appreciate the full implications of what I had begun to read.

An hon. Member: Dispense.

Mr. Martin (Essex East): Someone says "dispense". That is typical of the attitude of the government as now constituted. They do not want to be reminded of our obligations to parliament. Dispense with reminding us. Dispense with calling in an authority that will establish the necessity of the government observing the well-known traditions of parliament, traditions which the Prime Minister hopes at some time or other to embody in a memorable document that will enshrine the rights of free citizens in this country. Dispense! This government is one of those governments in the history of Canada that requires to be reminded continually of the obligation of the government to the people and to parliament itself. Professor Dawson wrote on page 439:

Inasmuch as virtually all government activities entail expenditures, and as most of these expenditures must be authorized by the approval of estimates, it follows that sooner or later the house must pass on most of these activities of the government in committee of supply.

Then he goes on:

Each item in the estimates is debatable—

Each item. How can each item be debatable if the minister refuses to give us information on which to base an argument for debate?

Each item of the estimates is debatable, and any member may move to have it reduced or struck out.

Then he quotes Mr. Bennett:

"When public finance is involved it is the duty of every member of the opposition to endeavour to show whether the country got the greatest value possible for its money."

How can we possibly do that? How can that duty possibly be discharged unless we are given the right of scrutinizing to the fullest extent in accordance with the wishes of any particular member? The minister says, in exercising his best judgment, this is something he could not do. We shall analyse the reasons for that in a few moments. Then the author goes on to say:

Members may demand information in great detail, and can hold up the estimates until the desired material is produced. Thus . . . Mr. M. J. Coldwell, the C.C.F. leader, has stated the position of the private member in strong but not exaggerated terms.

These are the words of Mr. Coldwell.

"There is one place and one place only in this parliament where private members are supreme, namely, in supply when discussing the estimates. This is His Majesty's purse, and the age old right of members of parliament is to decide to what extent His Majesty's purse shall be filled. That is what we are doing now, and I certainly wish to protest against any precedent being established that would curtail the right of this parliament to discuss any matters in connection with the administration of the minister's department."

Surely if hon. gentlemen have forgotten this principle this recital from Mr. Bennett, a distinguished Conservative prime minister—

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): I am glad hon. members applauded. I hope they will applaud and pay tribute to his memory by observing the precepts of parliamentary practice which he laid down. If these words are truly representative of the concepts applicable to this deliberative assembly, surely the minister was in error on Saturday last when he refused to give information which he said he was honour bound not to disclose to this house because of an agreement that he had made with the premier of Ontario.

Mr. Pickersgill: Or with any other premier.

Mr. Martin (Essex East): Or with any other premier. Surely if such an agreement was made the minister must recognize by this time how invalid and improper such an agreement was. The minister could have said to Premier Frost, "I will do my best not to add to your own particular difficulties but I can go no farther than that. I must tell you, Mr. Premier, that if any member of the House of Commons asks me for information as to what is to be done with moneys that I am asking parliament to vote I will have no alternative, indeed, I have the duty to tell parliament why I am asking for moneys in this particular instance."

Surely that is the correct situation. I felt rather concerned tonight when I realized the position in which the minister found himself, and I am sure that the house, generous as it always is, fully appreciates the situation confronting the minister in respect of other obligations. But we have a duty to perform. The minister came to the house tonight and gave no evidence whatsoever of appreciation of the elementary principle involved in refusing parliament this information.

First of all, he criticized parliament for its conduct on Saturday. He began his statement by saying that he had spoken over the telephone to the provincial treasurer of Ontario and as a result of having had that telephone conversation, not with the head of the government of Ontario but with the provincial treasurer who, by the way, comes from northern Ontario where some of these roads are, he tells us as a minister of this government that he has received from an Ontario minister his consent to give the parliament of Canada some of the particulars behind a matter involving a vote which the House of Commons is asked to consider.

If ever there has been a failure to appreciate the function of this kind of deliberative assembly, surely we have had it tonight. I am not commenting on the merits of the proposal. Undoubtedly this program has much to commend it. But there can be no justification for not giving the information in the absence of a decision of parliament itself either not to ask for the information or to accept that there are special reasons why it should not be given. First of all, the minister did not even explain that there were difficulties in the way of his acceding readily to what undoubtedly he would have had to admit he must do. This was not done. He simply said, I cannot do this; I am in honour bound not to do it. I have an agreement with the heads of provincial governments and I respect my agreement with provincial governments, he might as well have gone on to say, more than I respect the rights and privileges of this free parliament.

An hon. Member: Nonsense.

Mr. Martin (Essex East): Someone says "nonsense", and that is typical of the penetrating, pregnant answer we receive from government benches when they find themselves in an embarrassing position as they obviously do at this very moment.

The reason why we must insist on this is because, as in 1938 when Mr. Bennett spoke

as leader of the opposition, leading a small group, he had to realize that there might be other similar situations confronting parliament. He wanted to see that the principles which he fully recognized as sacrosanct would be observed. This is exactly the position we must take tonight, so that no other minister of this government on some other occasion will come in here and say, I cannot give this information because I have made an arrangement with some provincial premier.

I am not discussing this matter from the point of view of its connection with circumstances which led to members of a provincial parliament, in the course of an election, being given information which is being denied to the members of this house. I am not placing my case on that ground. I am placing my case on the elementary principle that a minister must fully answer any question put to him from any section of the house; that is elementary.

Mr. Nesbitt: Will the hon. member permit a question? In view of what the hon. gentleman is saying, is it the policy of his party that the details of every sort of financial grant to all the provinces be carefully examined and controlled by this house?

Mr. Martin (Essex East): I have stated that it is the duty of any minister, I do not care to what party he belongs, in a parliament such as this to disclose information which is asked by any hon. member.

Some hon. Members: Answer the question.

Mr. Martin (Essex East): If my hon. friend is not satisfied, he can get up after I have finished my statement—

Some hon Members: Oh, oh.

Mr. Martin (Essex East): —and he can give us this new concept of a bill of rights if he wishes.

I want to say this; so long as I am in this house no member of the government is going to say to me that I am not entitled, as a representative of a part of the people of this country and with a wider responsibility like other members to all the people in this country, to elicit from the government the kind of details which will enable me to decide whether a request made for further moneys should be approved. That is an elementary principle. Let there be no doubt about this: the right hon. gentleman who now leads this government had no hesitation in affirming this principle when, as in so many places, on April 26 he said:

> Parliament has been treated with shocking contempt, sorely wounded and robbed of its rights.

I say not only has the minister treated parliament with shocking contempt, sorely wounded it and robbed it of its rights, but the hon. gentlemen who sit behind him, by their support of him in this particular instance are guilty of the same breach of the rights of parliament.

Mr. Hamilton (Qu'Appelle): I should like to say to the committee that after listening to the hon. member for Essex East intoning unctuously, with all the pomposity at his command about the rights of parliament, I am very pleased indeed to find that after twenty-two years in the government and two years in the opposition he has finally learned to appreciate the fundamental principles which he read to us just a moment ago. I think that all people who are interested in results in this country will recognize that these roads to resources agreements to be concluded are presently under negotiation.

Mr. Pearson: That is not what you said the other night.

Mr. Denis: Quebec is excluded.

Mr. Hamilton (Qu'Appelle): The province of British Columbia has signed an agreement. Eight other provinces have agreements under negotiation. I made it very clear to the committee that in the interest of developing resources instead of developing votes—which is the only thing the opposition knows about —we agreed, not in any personal deal between myself and the other governments but as a matter of ethics between sovereign administrations in this country. The Leader of the Opposition, with no experience in domestic matters—

Some hon. Members: Oh, oh.

Mr. Hamilton (Qu'Appelle): —stands up in this house—

Mr. Pearson: How many elections did you lose?

Mr. Hamilton (Qu'Appelle): These interruptions from hon. gentlemen opposite show how unaccustomed they are, after years of living in idleness on the back benches of this house, to being on the other side of the house.

I was just saying a word about the Leader of the Opposition. He was good enough to say I was inexperienced in my task. I would say that is, to a large extent, true. I am doing my level best to learn my job and do it well. I hope that the Leader of the Opposition will also grow in stature as a leader of the opposition knowledgeable in domestic affairs. If he goes back and remembers his own statements made over the years, some of the things he has held up as examples of how negotiations should be carried on between governments; if he would recall the number of times when as secretary of state for external affairs he condemned secret

diplomacy but stressed the importance of secrecy when negotiations were being conducted, he would not say, I think, that the public should have all the information and that parliament should have all the information, while negotiations were under way. However, these are phrases he will remember: negotiations should not be prejudiced by the spotlight of publicity. Now, he asks me as the minister of a department to break these very tenets that he has espoused. He asks me while negotiations are going on with eight of the nine provinces to divulge every little detail.

I tried to be helpful to the committee in the case of Ontario. Last week the provincial authorities in Ontario finally met, so far as we were concerned in the department, all the proposals that we had put forward in connection with this agreement from a legal standpoint. It was for this reason I was ready on Saturday, in the interest of co-operation with members of the C.C.F. party who were raising these questions, to give them the information they asked, knowing that the negotiations at least at the department level for the province of Ontario were now concluded. They are still not through the cabinet yet.

In the case of Manitoba only today did we receive an answer to the last letter I wrote debating one of the terms in the agreement. The letter has come in although I have not actually seen it myself. I still am a little concerned over my own actions in agreeing to give this information on Ontario. I felt honestly bound to give that information to the committee, because I believe as strongly as I can that this committee has a right to all the information it can get on the spending of money by this parliament.

Mr. Hellyer: Just the information we can get?

Mr. Hamilton (Qu'Appelle): This information that I would like to provide would be as detailed as it comes in to me. The hon. member for Inverness-Richmond suggested the opposition was asking the government to go a bit far into the affairs of a province than is ordinarily expected. It may be all right for a government that believes in centralization and taking over control of a province and eventually the municipalities; but I do not think there are serious minded members of this house who would say about the trans-Canada agreement, for instance, that before the money is voted each year every detail of every contract in every province must be laid before this house. I would suggest that hon. members would have the right to ask for all this information as soon as it was available, but if they held up their votes until the province had completed all its arrangements for the whole year it would be impossible in practice to get the trans-Canada highway built.

This program is clear. I gave to the committee in the estimates last year a clear outline of this program. For each province there is a maximum of $15 million. Last year I told the house there was a term of five years. This year I told the house that starting last fall we had changed the firm commitment of a five-year limit and made a term in each agreement suitable to the province concerned. The agreements vary from five to eleven years.

I have made this information clear, but I would like to put forward this proposition, that the province has the right to choose the location of the roads and has the right to let the contracts. We are expected to protect the spending of public money, and we have the right to examine and see if those roads meet the criteria parliament accepted last year when first voting this item, namely whether they open up resources. We also have the right to examine and see if the money is well spent. Personally, if I were a provincial cabinet minister I would resent any federal government, which was making, in effect, a conditional grant, coming in and saying, "We want all the information before you spend a dollar and before we vote the money." As I say, we have the right as the federal government to make certain that before the federal government pays any money we have looked into it to see that the money will be well spent.

I told the house on Saturday that with one exception no money has been spent under this vote because no agreement has been signed. The exception is British Columbia. I do not know how much more I would have to say, Mr. Chairman, to make it clear to hon. members that this program is a good program. I have had tremendous co-operation from all the provinces in working it out.

Mr. Denis: What about Quebec?

Mr. Hamilton (Qu'Appelle): I think as the years roll by it will rank as one of the most imaginative and constructive proposals ever put forward by a federal government.

Mr. Denis: What about Quebec?

Mr. Hamilton (Qu'Appelle): I have the temerity to believe that as these roads are built and new resource areas open up the new wealth discovered will more than make up for any money we put into these roads. I think also as the years go on and we try to assess this roads program in relation to other great projects in Canada's history, this roads to resources concept, first put forward

in this house in 1911 and brought into effect in 1958, will rank with the significance of the Canadian Pacific railway.

Mr. Pearson: I will not detain the committee very long at this point. The minister, speaking from the depths of his experience as an elder statesman, has been good enough to wish me well and to hope that I will grow in stature. Perhaps eventually I may be successful in reaching his heights, but I quite admit I have not got the minister's broad and deep experience in these matters, that is true. He has been working on roads now for a couple of years and ought to know something about them, but apparently he has not learned in two years the difference between the trans-Canada highway which is built, as far as federal government participation is concerned, through a statutory grant, and these highways which are in appropriations each year as part of the minister's department. But no doubt the minister will pick up these details as he goes along and eventually he may learn something about diplomacy.

I was not sure when the minister first spoke whether he was condemning secret diplomacy or open diplomacy. He reminded me of the number of times I had condemned secret diplomacy at the United Nations. That is what I am condemning now, secret diplomacy between the government of Ontario and the minister, so secret that while the premier of Ontario can tell everything over television, no member of this House of Commons can find out from the minister how this federal money is to be spent, or at least, he admits in one case has been spent.

Then the minister said, "No agreements have been made, so how can you expect me to talk about these things before an agreement had been made?" The minister said on page 5883 of *Hansard* for July 11:

> I can say this, that in Ontario there are seven roads upon which agreements have been made.

The minister is getting into his usual difficulty of saying one thing on one occasion and something else on another occasion, and when we point that out he accuses us of inexperience or quibbling with words.

Mr. Pickersgill: Or McCarthyism.

Mr. Pearson: Or McCarthyism. The minister said the other night that there were seven agreements about roads, but we will not know about them because he said at the same time, "As long as I keep my share of the bargain, I feel my conscience is clear;" no matter what the premier of Ontario may do during an election period, he does not want to do anything after an election period. Every time the minister speaks on these matters he gets himself in more deeply, and I would advise him to say as little as possible if he wants to get his estimates through in time to get to Saskatchewan.

Then the minister said, repeating what has been said by an hon. member, "We would be prejudicing provincial rights if we got this information in the house." There is going to be spent $9 million of federal money. I think he said, "We would be going a bit far and prejudicing provincial rights." That is a strange doctrine of provincial rights and federal authority that a member of this parliament is not to be told by the minister how the money that this parliament is being asked to vote is to be spent, or in one case has been spent, and no amount of unctuous sophistry on the part of the minister will explain away the fact that last Saturday he refused to give this committee the information to which it was entitled. The reason he gave us was that we should not really worry about it because the election was over. The election in Ontario was over; why should we want to know about it any more? Then the minister gets up tonight and says twice that there is no politics in this matter; "I am doing my duty as well as I can."

Mr. Hamilton (Qu'Appelle): May I ask the hon. Leader of the Opposition, if we had announced these roads before the election would he have complained then?

Mr. Pearson: I am sorry, would you repeat that?

Mr. Hamilton (Qu'Appelle): I was just suggesting that if the government of Ontario had announced these roads before the election—

An hon. Member: They did.

Mr. Hamilton (Qu'Appelle): —the hon. member would have some reason to complain.

Mr. Pearson: The minister must know, because he was politically interested in this election, that every night during the provincial election, before the election, information was being given by the candidates from northern Ontario about these roads. It was being used for election purposes. Candidates could do that over the air, but a member of parliament could not get that information in this house even after the election.

Mr. Fisher: The thing that bothers me about the minister's replies and which, I should like to suggest, amounts to evasion, is this: he knows that I came to him many months ago in this house and told him and

his executive assistant that these representatives were announcing these roads in our region, that details were being given, and that in one case even the contractor who was going to get the job was being named. I felt it was unfair because we could not get that information and the minister agreed to give me the information in confidence.

But my point is this: why should someone on the other side of the agreement be able to go around blatting it all over the place while members of parliament should have to keep silent? I might say that the provincial government has taken all of the credit for this project. Why, the minister is not even known as a visionary up in northern Ontario. It is all Old Man Ontario and his good friends George and Clare. I should like to think that the minister and the government might get a bit of credit for this, but no. All the credit is going to Old Man Ontario. I should like to think that this deal with Ontario is being worked out in equal partnership, but it seems to me that, as in some of the divorce cases, one partner is pure and above reproach and the other is going around committing adultery all over the place.

We have an example here which I hope the minister will not follow in the future. If any evidence comes forward that someone is not keeping the agreement, I think we deserve to have the information here and I think the minister should give us that assurance before we go any further into this topic and into the detail. I think he should give us an assurance that in future we should have this information as soon as one scrap of it is revealed by the other party. I, certainly, could have provided the minister with concrete proof if he had wanted it, but I would have assumed he would take my word for it.

Mr. Pickersgill: I do not want this discussion to be confined to the province of Ontario. I make a request to the minister that he should give to this committee, and give to the committee now, the names of all the roads in the eight provinces with regard to which agreement in principle had been reached. Otherwise we shall be asked to vote this money blind wtihout even knowing how it is to be used. It will be a blank cheque to the minister, and he will be able to change this around in any way he likes. I should also like to ask the minister if he would tell us how much of the $9 million voted last year was spent in each province and for what projects in each province.

Mr. MacLellan: When I heard the hon. member for Essex East making the argument he did I was able to understand the fear which some people have regarding invasions of provincial autonomy. What the hon. member said was that when money is granted to a province, this federal parliament has the right to examine in detail how that money is spent.

Mr. Martin (Essex East): So far as the federal account is concerned.

Mr. MacLellan: These funds are granted in respect to roads to be built by the provinces, and only the provincial government has the right to decide how the money is to be spent. As far as this house is concerned, I do not think that under our constitutional system we are entitled to discuss anything other than whether or not the grant has actually been made to the province. If we were to adopt the principle advanced by the hon. member for Essex East it would mean that every grant made to a provincial government in respect of education, hospitals or for any other purpose could be debated as to the detailed expenditure in this chamber. We have the right to question expenditures, but the expenditure here before us concerns only the writing of a cheque to a provincial government. The details of how that money is spent are a matter for that government. I say, further, that the only right we have in regard to that money is as provided under the agreement with the province to whom the money is passed over.

In this case, where an agreement is made for the building of highways according to certain specifications, this house has the right to see to it that the agreement is kept, but we have no right to say where a road will go or anything of that nature, and certainly in a case such as the present one I do not think constitutionally we have the right to ask the minister of northern affairs to give out information except that which he is entitled to give under the agreement, and under the terms of the agreement in this case he has quite properly checked with the provincial government concerned before he has released information.

If we were to say anything else in this committee, the detailed expenditure of every cent we gave to a province from now on would be a matter which could be debated in this chamber even though the money had been spent by the province for matters within provincial jurisdiction only and our part had only been to make a grant.

Mr. Pearson: May I ask the minister whether he agrees with this doctrine of federal-provincial financial relationship which has just been expounded by the hon. member.

An hon. Member: He is asking you.

Mr. Hamilton (Qu'Appelle): If the Leader of the Opposition had been listening a moment ago he would have heard me lay down what I thought. In answer to the question asked by the hon. member for Bonavista-Twillingate with regard to the money spent in each province of the $9 million voted last year, the information is as follows: British Columbia, $1,000,732.39; Saskatchewan, $750,000.

Mr. Pickersgill: That is all that was spent. And were there agreements with these two provinces?

Mr. Hamilton (Qu'Appelle): There was an agreement with British Columbia since November 4, 1958. No agreement was signed with the province of Saskatchewan.

Mr. Pickersgill: In other words, the minister is telling us that money was spent in Saskatchewan without there being any agreement whatsoever.

Mr. Hamilton (Qu'Appelle): That point was raised by the hon. member for Ottawa West on Saturday and I was about to remind the hon. member for Ottawa West that this matter was fully explained in the standing committee on mines, forests and waters as reported on page 951 of the proceedings in evidence No. 32 for June 5, 1959.

Mr. Pickersgill: Will the minister read the explanation?

Mr. Hamilton (Qu'Appelle): Yes. If the committee does not object I will read from this statement because there was a series of questions and answers in the evidence. I might just add that the payment for Saskatchewan was made in February of 1959 and was charged to appropriations for 1958-59 and not to the estimates which are now before the house, those for 1959-60. In last year's estimates, a vote similar to item 280 appeared as item 289, but there was one significant difference in this wording from the wording of the vote this year. It referred to contributions "in accordance with agreements that have been or may be entered into by Canada and the provinces."

The explanation is as follows:

Saskatchewan was one of the first provinces to get work under way on the roads to resources program. Before the end of the fiscal year 1958-59 the government of Saskatchewan represented to us that they had made very substantial expenditures and had recovered no money from the federal government, with the result that the province was suffering financial hardship. Saskatchewan had been ready to sign the formal agreement, but the decision to make the construction schedule more flexible had caused some delay. In the circumstances, the government of Saskatchewan asked that a payment might be made covering somewhat less than half the money the province had already spent on the program.

[Mr. Pearson.]

Even though the wording of the vote referred to agreements that have been or may be entered into between Canada and the provinces, I consulted with my own legal officers and asked them to take the matter up with the solicitor to the treasury to make sure beyond doubt of the propriety of such a payment. After careful consideration it was the concensus of the various legal officers that no payment should be charged to the vote unless an agreement had been entered into but that the agreement need not necessarily be of a formal nature. There was no question but that we had reached agreement with the province of Saskatchewan, which was embodied in the exchange of letters between the two governments. I therefore made a submission to the treasury board in which I stated that agreement had been reached through correspondence with the province of Saskatchewan on the roads to be constructed under the roads to resources program, the standards and specifications to which they are to be built, and the terms and conditions governing Canada's contribution to the province in respect to the cost of constructing such roads. In these circumstances I recommended that I be given authority to make a payment in the amount of $750,000 to the province of Saskatchewan. This recommendation was approved by treasury board on February 5, 1959 under authority of treasury board minute 544145 and a cheque for $750,000 was sent to the province the same day.

I think, Mr. Chairman, that this explanation will make it clear to the hon. member that there was no impropriety in making that payment to the province of Saskatchewan. As I said before, we have a formal agreement signed with British Columbia and there is no necessity to explain that.

Mr. Pickersgill: Mr. Chairman, I should like to ask the minister two factual questions. First, will he tell us what was the road in Saskatchewan to which this matter referred? Second, will he tell us whether or not the agreement with British Columbia requires federal auditing of the expenditures before the money is paid?

Mr. Hamilton (Qu'Appelle): Mr. Chairman, the agreement with British Columbia is that the provincial auditors will present these figures and we will accept them on the assumption that the provincial auditor is an accredited business firm.

With respect to the other question, there are three roads in the Saskatchewan roads program. These are the Otosquen road, the Hanson lake road and the Uranium City road. As I understand it they have completed the Otosquen and are working on the Hanson lake road and part of the Uranium City road.

Mr. Pickersgill: Mr. Chairman, in his answer about British Columbia I believe the minister has answered completely the fallacious argument of the hon. member for Inverness-Richmond. In other words the minister says he does not pay out any money under this agreement until he is

satisfied that the money has been spent for the purpose for which parliament voted it. So the extraordinary doctrine we listened to a few moments ago from the hon. member for Inverness-Richmond is not, according to the minister's own evidence, followed by the government which the hon. member was trying to support by his argument.

In the same context, of course, the minister is, I am sure, well aware that no money is paid under the trans-Canada highway arrangements until there has been a proper audit and a very distinguished former member of this house from Nova Scotia withheld the payment in one province for a very considerable time until there was some further investigation into some aspects of the roads program in that province. So there can be no question whatever that parliament has a perfect right to know and the Auditor General in the end has to certify that this money has been properly spent for the purpose for which parliament is voting it.

The purpose the minister is asking us to vote this for is to spend money for roads leading to resources in accordance with agreements entered into between Canada and the provinces. The minister said that a certain sum had already been spent in one province—$250,000 or something like that.

Mr. Hamilton (Qu'Appelle): The sum of $750,000 in Saskatchewan.

Mr. Pickersgill: That is the only case?

Mr. Hamilton (Qu'Appelle): Yes.

Mr. Pickersgill: There has been no money spent of the $9 million we are being asked to vote?

Mr. Hamilton (Qu'Appelle): Not one cent of the present $9 million has been spent.

Mr. Pickersgill: Is the minister in a position to give us the names of the roads in the other eight provinces?

Mr. Hamilton (Qu'Appelle): I am afraid I cannot, Mr. Chairman. Whenever I have been able to I have done so. I cannot give that information because these agreement have not gone through cabinet yet and in several of the provinces a great deal depends on the negotiations we are carrying on with them.

Mr. Pickersgill: I want to make it clear again that I am only asking about those roads concerning which there is no dispute with the provinces. This was the information asked for the other day by the hon. member for Timiskaming. I can understand the minister's hesitation in giving information concerning roads about which negotiations are in process, but surely if there is complete agreement there cannot be any reason for secrecy, not the faintest reason.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I am informed by my officials who are looking for this information that outside of Saskatchewan and British Columbia there are points of discussion still going on with them all. I understand that ten days ago Ontario came along with its answer to my last letter. I will have to bring this to cabinet and if it is acceptable it will be approved. If these points are under discussion I cannot possibly mention the roads in question.

Mr. Pearson: Mr. Chairman, why did the minister himself say last Saturday as reported at page 5883 of *Hansard:*

> I can say this, that in Ontario there are seven roads upon which agreements have been made.

Mr. Hamilton (Qu'Appelle): Because, Mr. Chairman, we were that far advanced in Ontario that I felt free to give that information to the committee.

Mr. Pearson: I am very inexperienced in these matters, Mr. Chairman, but an agreement has been made or it has not been made. No matter how far you may be on the road to an agreement there comes a time when you make it and then the agreement is finished in so far as negotiation is concerned. At least, that is the way we conduct affairs internationally. I suppose the minister follows the same pirnciples of negotiation. On Saturday he said that there were seven roads upon which agreements had been made. Have they been made or have they not been made? If they are not yet completed, why did he say they had been made when he spoke on Saturday?

Mr. Hamilton (Qu'Appelle): I think this is a question of a misunderstanding, Mr. Chairman. In the case of Ontario the negotiations on the actual physical location of the roads and standards are completed but a formal agreement has not yet been signed.

Mr. Pickersgill: The minister told us the other day—perhaps some one could look it up—that $3 million had been spent on this program in the province of Prince Edward Island. I was astonished at that figure and I must say I am still astonished at it. Can the minister explain it?

Mr. Hamilton (Qu'Appelle): In the province of Prince Edward Island the estimated total expenditures up to the end of March 31, 1959, totalled $2,500,000.

Mr. Pickersgill: But the minister said no money was spent of last year's vote except

in Saskatchewan and British Columbia. Now he tells us that $2,500,000 was spent in Prince Edward Island.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I made the mistake of assuming that the hon. member for Bonavista-Twillingate was smart enough to realize that it was provincial money that was spent. The federal government has not spent any money.

Mr. Pickersgill: I think with the hon. gentleman's experience this would sound like another vision. We in this committee are not interested in what the provincial government is spending. What the minister said the other day—I could look it up in a moment—was that $3 million had been spent as a part of this program. I expressed the view that $1,500,000 was the maximum for each province. He said that it was, but that the $3 million was the total expenditure of which we were to share half. Now he says these are provincial expenditures. Where does the federal government come into the item at all?

Mr. Pearson: Perhaps I should read what the minister said last Saturday on this point.

Mr. Howard: Mr. Chairman, I should like to draw the attention of the committee to the fact that it is ten o'clock the established time for adjournment. The chairman should ask if it is the desire of the committee to sit beyond the hour. Before he does that perhaps I can express our attitude in that regard and say that this evening there are extremely special circumstances which would warrant proceeding beyond ten o'clock which we think could have been overcome, of course, if the house leader had been able to keep the Minister of Northern Affairs and National Resources closer to his itinerary. Nevertheless, there are special circumstances which will cause the Minister of Northern Affairs and National Resources to be away tomorrow. Because of that we will be certainly most co-operative in extending the sitting beyond ten o'clock this evening. It is hoped that this will be no indication of any future action.

The Deputy Chairman: Does the committee give unanimous consent to continue?

Mr. Henderson: No. Hon. gentlemen have made no move tonight to get the estimates through. If they want to sit here, I do not.

The Deputy Chairman: Order.

Mr. Chevrier: Mr. Chairman, I was going to say that in view of the circumstances which were announced by the acting house leader earlier, and in view of what has been said by the hon. member for Skeena, we on this side of the house would be prepared to carry on for some time longer in the hope that the desire of the house leader would be accomplished. I cannot assure the committee that that will be so, but I can assure the committee of this. If the minister will show more co-operation in connection with the questions that were asked perhaps we could get on much faster.

The Deputy Chairman: Will the committee give unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Howard: Before we do that I wonder whether I could have any indication from the government or the house leader as to the time? I would suggest at this stage that we sit until eleven o'clock.

Some hon. Members: Agreed.

Mr. Pearson: Would it be possible to carry on until we get at least this department through so that the minister will be able to carry on tomorrow where he wishes to be? It will not take all night.

Mr. Howard: Perhaps if we leave it wide open like that we will have more co-operation.

Some hon. Members: Agreed.

Mr. Pearson: In a spirit of co-operation I would like to clear up this difficulty about expenditures in Prince Edward Island. A moment ago the minister said there were no such expenditures, but at page 5885 of *Hansard* the minister is reported as follows:

> In Prince Edward Island, 343 miles of road—on that little island—and they spent $2,500,000 last year.
>
> Mr. Pickersgill: Did I understand the minister to say that they spent $2,500,000 in Prince Edward Island? I thought the limit for each province was $1,500,000.
>
> Mr. Hamilton (Qu'Appelle): The limit each year in a province is $3 million, of which we pay one-half, $1,500,000.
>
> Mr. Pickersgill: And $2,500,000 was spent in Prince Edward Island last year?
>
> Mr. Hamilton (Qu'Appelle): That is the figure I have here.

Mr. Hamilton (Qu'Appelle): Yes, Mr. Chairman, the quotation read by the Leader of the Opposition is absolutely correct. The amount spent by the province of Prince Edward Island was $2,500,000, and it was spent entirely out of provincial funds. If the agreement is signed we will have to pay one-half of that. In no year may there be more than $3 million spent in a province, and therefore our maximum in any one year in any one province is $1,500,000.

Mr. Pickersgill: Does the minister mean by that that he is now negotiating with Prince Edward Island about roads that have already

been built and that there is no agreement about those roads, and yet we cannot be told about them?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Chairman, we are still negotiating.

Mr. Pickersgill: Surely, Mr. Chairman, that is more preposterous than anything we have yet been told about this whole preposterous business. Here are those roads that have already been built, that every human being in Prince Edward Island, the whole 100,000, must know about and yet we cannot be told here in this house. It really is beyond anything that we have heard yet.

Mr. Howard: In one of his earlier remarks the minister made reference to the fact that he hoped hon. members would help him to persuade the various provincial governments that they should participate in this so-called roads to resources program. I wonder what he means by asking for assistance in helping to persuade provinces to participate; for certainly, in so far as British Columbia is concerned, the agreement has been signed, the road has been established and that is the end of it in so far as federal participation is concerned. That was the indication given by the minister on Saturday last when we were discussing the question of bridges 150 miles from a road, that in so far as British Columbia was concerned it was out of the question because the agreement had been signed. What does he mean by asking members to help him to persuade provincial governments to participate when he has in fact closed the door to any further participation, especially with those provinces that have already signed agreements and almost closed the door with provinces that are on the verge of having signed agreements?

Mr. Hamilton (Qu'Appelle): I had a certain amount of difficulty in hearing the hon. member for Skeena but I think I got most of it. The agreement with British Columbia, as the hon. member knows, was signed early in the fall of 1957. Since that time—

Mr. Howard: Signed when?

Mr. Hamilton (Qu'Appelle): November 4, 1958. I used the wrong year. In that agreement there were no bridges; therefore, I suggested to the hon. member who is questioning me that he should not get too enthusiastic that he was going to get a bridge under the British Columbia agreement because the agreement had already been signed and they had used up their full amount of $15 million, which is the limit of which we can share 50 per cent of under this agreement.

Mr. Howard: The minister is right in so far as bridges are concerned. The minister said he hoped hon. members here would give their endorsation to the program and assist him in persuading the provincial governments to participate. Which provincial governments need persuading to participate in this program?

Mr. Hamilton (Qu'Appelle): There are nine governments in agreement with this program and one that is not.

Mr. Howard: Is the minister suggesting that hon. members in this house assist him in persuading one government to participate?

An hon. Member: On to Quebec!

Mr. Howard: I do not know what he means by that.

Mr. Hamilton (Qu'Appelle): I am only suggesting that I am very proud of this agreement. I hope all provinces will eventually be in it.

Mr. Fisher: I am still not getting anywhere, Mr. Chairman, in my endeavours to protect the dignity and the right of a federal member of parliament to know in relationship to a provincial member of parliament. I told the minister on Saturday that we have an incomparable sunshine blowhard up at the lakehead who every week has some sort of road or road contract to announce. It is a bridge or it is a culvert, or it is some granular base, or road of some kind. And most of the roads that he has been announcing in the last five or six months have been tied in with this particular program.

He has even given to the newspapers the details of a most unusual contract. I want to know about it right now, and it is this arrangement between the provincial government, Abitibi and the federal government for this road to resources out of Port Arthur. I would like to know something about this particular road and why this gentleman is able to make these announcements and we cannot even confirm whether they are right or not. I still feel that the minister has not answered that point.

Mr. Hamilton (Qu'Appelle): On the score of holding me responsible for what is done by provincial M.L.A.'s, I cannot do anything about that. My job is here and that is what I try to do. As for the question about information on the road, I am always glad to oblige if I can do it. There is a clause in the Ontario agreements, for example, which reads as follows:

> If the minister approves in writing Ontario may enter into an agreement with a mining, lumber or other resource development company, providing for the construction by the company of a part of the

project which will be primarily for the benefit of the company and that the province will pay to the company two-thirds of the cost of construction.

Mr. Pickersgill: Could the minister say what document he is reading from?

Mr. Hamilton (Qu'Appelle): This is one of the drafts of one of the agreements.

Mr. Pickersgill: Is the road being built on a draft?

Mr. Fisher: The road is almost completed.

Mr. Hamilton (Qu'Appelle): May I go back and say that over the years there have been precedents established in old agreements whereby the federal government has participated with a province and a private company in regard to these mining access roads. At various times the department, which had other names than northern affairs, used to enter into this type of deal, and I think that the Department of Mines and Technical Surveys has the same type of program. This $\frac{1}{3}$-$\frac{1}{3}$-$\frac{1}{3}$ rule was also made available to the provinces under the roads to resources program and several of the provinces have taken advantage of it. This road from Port Arthur north has that provision. I am informed with respect to that road that the Abitibi company has agreed to pay up to one-third of the cost of the road up to a standard that was agreed upon between the provincial government and Abitibi and the other two-thirds will be paid by the province and ourselves. If the road is built to a higher standard then the additional amount required to build it to that higher standard is paid 50 per cent by the federal government and 50 per cent by the provincial government. I think that is all the information on that road.

Mr. Fisher: I might point out to the minister that when Mr. Ambridge was here several weeks ago he told us about that road. Here is another example where the minister would not give us information. When a road is in a member's constituency I think he is entitled to the information. Here is a case where a private corporation had the information and was revealing it and where the provincial member was also revealing it. The minister says that we cannot hold them responsible. What kind of an agreement is this if you cannot hold the other person responsible for divulging information? It is not an agreement at all. It is a farce. I should like to suggest to the minister that if he is going to have these peculiar three-sided agreements in which the other two sides seem to have all the leeway and he is squeezed right out then it is about time that he had a talk with these people and tried to remind them that an agreement is an agreement instead of reminding us.

I should like to know about the road from Nakina to the Anaconda deposits, whether it is under the same kind of agreement and, if not, why not.

Mr. Hamilton (Qu'Appelle): I do not have very much to add to what I have already said with regard to the point made by the hon. member for Port Arthur. I telephoned the government of Ontario when I heard last fall that there had been this leak and received the assurance of the Ontario government that there had not been any leak from sources close to them, and there was nothing else for me to do but to take that as their attitude on the matter. When they assured me that nothing of that sort was being done and they were honouring their agreement I had no other choice but to accept their statement. Another province apparently made an announcement, the province of Prince Edward Island, and I received many complaints in that regard. I took the same stand as I took in the house, that I could not break what was a signed statement on my part in a letter that there should not be any announcement made until there was common agreement to make an announcement.

Mr. Fisher: All I can say is that the Conservative members in northwestern Ontario made the minister a liar in jig-quick time and repeatedly. In these highway programs where the federal government is paying up to 50 per cent of the cost and where there are programs with agreements with private companies, I think the members from the areas concerned deserve the information. I am not going to labour the point further but I think they deserve the information. I should like to know whether you have another three-sided agreement with respect to the road from Nakina north to the Anaconda deposits and, if not, why not.

Mr. Hamilton (Qu'Appelle): As far as we know in the department there is no definite information as to a third interest. I believe that it is sometimes the policy of the provincial government, if they think a company might be interested in an area, to build a road through that area to encourage their interest, but there is no third party in this agreement.

Mr. Fisher: This is a case where I think there should be. I see no reason why Abitibi should be taken for a road that is going to open up resources and Anaconda should not be paying a contribution of some kind although in the case of Anaconda the resource

is in the exploration stage. The Abitibi road and the other roads that are involved bring up the whole question of the relationship of funds of the federal government going to the provinces for forest access roads because in effect, whether you call it a forest access road or a road to a resource it is a forest access road.

The road south from Savant Lake to Ignace also goes across some crown lands held by the provincial government that are under licence to companies. I want to know what is the relationship here. We can get into most uneven and unfair development if certain companies are going to have to put up part of the cost of a road running through or tapping their limits and other companies are going to get these roads without having to make a contribution. What was the idea in mind in this regard in so far as the federal government is concerned?

Mr. Hamilton (Qu'Appelle): I think I can put it this way, that where there is an operation already in effect and a road going in that will be of direct benefit to them there is a $\frac{1}{3}$-$\frac{1}{3}$-$\frac{1}{3}$ split but where you are going into a virgin area in the hope of attracting companies to develop that area there is usually a 50-50 split. The discrimination to which the hon. member refers is happening all the time. I have these complaints come to me about the roads we are building in the Northwest Territories. Companies have gone in there in the past and pioneered their own winter roads. They say, "Why did you not come along and build us a road?" The fact is that they were ahead of our development program and they paid the cost. We obviously feel sorry for them, and the companies that come later get all the benefit of the work done by the pioneering companies or by the government in a particular case. But that is the way it works out. You cannot have such a thing as a perfect set-up whereby everything would go in all at once.

Mr. Fisher: I should like to know about the road from Goldpines to Uchi Lake. As I remember that country, it must run through the tentative limit that is going to the Anglo-Newfoundland Development Company. I understand that under the terms of the contract between Anglo-Newfoundland and the provincial government they have undertaken to spend so much money on road and water developments. Will this road become part of their limit to be set up there? What is the purpose of it?

Mr. Hamilton (Qu'Appelle): According to the information we have, and this has been checked with the Department of Mines and Technical Surveys, it is for the opening up of mining areas.

Mr. Fisher: I hope there is something in that. I worked at Uchi Lake in 1939 before the mine closed down and I have had the impression since then, along with people who have lost money in the mines up there, that the prospects are not too good. In this particular case I am sure we thought the road would be of benefit to that particular pulp and paper company. This confirms the points the minister mentioned about discrimination. This road from Goldpines to Uchi Lake runs through what pulp and paper company's limit, and is the company involved in the deal in any way?

Mr. Hamilton (Qu'Appelle): We have not any information here concerning what pulp and paper company has crown lands in that area.

Mr. Fisher: I should like to know, in connection with this particular program, what the situation is so far as the road south from Hornepayne to hook up with the Ontario Paper Company's limits is concerned and which I believe is under the roads to resources program.

Mr. Hamilton (Qu'Appelle): It is not on the roads to resources program. It may come under the forests access roads program.

Mr. Fisher: It does not make sense that it would come under the forests access roads program in connection with the Ontario Paper Company because they already have limit roads up into that particular region. I cannot see why that road would be of any particular benefit to them, but it would be of benefit to the town of Hornepayne. I understood it was coming under this particular roads to resources program.

I should like an explanation of the road from Nakina northwest. What route has finally been decided upon? Is it the route that runs along the railroad track and then north, or is it going to be the original route that was bothering the people of Nakina?

Mr. Hamilton (Qu'Appelle): It follows the railway track and then goes north.

Mr. Pearson: I am not sure if the minister included this information in the beginning of his statement, but I should like to know whether the program includes a road from Foleyet to Chapleau?

Mr. Hamilton (Qu'Appelle): Yes, this was the second road on the program, Foleyet to Chapleau south approximately 60 miles. This work consists of new construction for the entire length commencing at the end of secondary highway No. 624 at Foleyet and

proceeding in a southwesterly direction to connect with highway 129 in the vicinity of Chapleau.

Mr. Pearson: Is the road to continue through Chapleau and will it hook up with the trans-Canada highway?

Mr. Hamilton (Qu'Appelle): Not under this agreement.

Mr. Fisher: The more I think of this question of these agreements with pulp and paper companies the more worried I become about the difficulties into which this government can get in that regard. I can think of so many paper companies throughout that area such as the Ontario Paper Company, Kimberly-Clark, St. Lawrence Corporation, Abitibi Power & Paper Co., Great Lakes Paper Co., Ontario-Minnesota Paper Co. and Dryden Paper Co. going from west to east, who all need forest road development. They would all have huge limits, and I suppose the average size is some fifteen hundred to two thousand square miles. Almost any of these companies could put forward a roads program that would be comparable to the Abitibi program. I can see the danger there.

I should like the minister to go into this in some detail with his provincial confreres because I can think of Marathon, especially, which still has not a road north from its mills into its limits. It has been working on a plan for a number of years and each year they plan to move a little bit further. However, I am sure that now with Abitibi getting this kind of program, which is in effect a high grade road, this kind of prospect must be very intriguing to a company like Marathon. I think it could, as I say, get the government into a great many problems in road construction. I would hope the minister would try to work out a fair policy in this regard and make sure that the provincial government has a fair policy so that no company is discriminated against in opening up its limits under this program.

There is another question I wanted to ask dealing with the two roads the minister mentioned north of the Canadian National. He said he could not give us the details but they were to open up various resources. One of the points that has bothered quite a number of foresters about that timber lying north of the Canadian National, especially the northwest corner near the Manitoba boundary, is the fact there is a budworm infestation that promises to increase considerably because of the state of maturity of the trees. Is this one of the regions in which this particular program is going? The minister knows the country well, and would the road take off from the O and M northern limit and go towards the Indian reservation along the Manitoba boundary?

Mr. Hamilton (Qu'Appelle): We have no knowledge where the road will start or where it will go. Actually the primary purpose of this road is to get at some promising mineral prospects that lie in a belt right up to the Manitoba boundary. I read into the record the fact that the location of these roads will be determined on the basis of photographic and magnetometer surveys and geological reconnaissance of this area.

Mr. Fisher: Who is making that survey? Is it being done by private firms for some of the big entrepreneurs or is it a federal responsibility?

Mr. Hamilton (Qu'Appelle): The ground survey is being done by the Department of Mines and Technical Surveys entirely. The air survey is being let out by contract under the direction of the mines and technical surveys department of the federal government.

Mr. Martin (Timmins): I have been waiting to make a few remarks about the announcement the minister made tonight, a very welcome announcement for the region I represent, of the construction of this road from Foleyet to Chapleau. It is something about which my people have been anxious for the last ten years. It is welcome news that the agreement has been reached with the Ontario government in regard to this road. As I have mentioned before, this possibly means more to this area, especially when the road is completed, than even the gold mining assistance act during the last ten years. The completion of this road could mean a bigger boom to the Porcupine camp than the last increase they had in the price of gold. I was wondering if the minister could give any indication how soon they expect this road will be completed. Will it be this year or a matter of two years.

Mr. Hamilton (Qu'Appelle): I cannot give the hon. member the precise information. There is no priority on this list of roads whatever. The agreement simply states that these roads shall be finished in eight years. I would imagine most of these roads I have mentioned will be finished long before that.

Mr. Hellyer: The minister has just referred to an agreement and the hon. member has asked a question in which he has referred to an agreement, yet we were told earlier by the minister that there are no agreements except one with British Columbia. The question immediately arises, when is an agreement an agreement and when is it not an agreement? The minister has told us that

in the case of Saskatchewan funds were paid up last year on the basis of an exchange of letters, and that this rather unusual procedure was cleared up through a treasury board minute. The question immediately arises, was the letter from Saskatchewan binding on that province? It is just a few weeks since there was a case to which reference was made and which a learned judge of the exchequer court said an agreement, even if it had been made by a minister of the crown, unless there was a treasury board minute in addition, would not be binding on the crown. What assurance do we have from the minister that the letter from Saskatchewan is indeed binding on the province.

Is this just a case of the minister passing out funds without any formal agreement? He tells us that in view of the circumstances there was no impropriety. We have not claimed that there was, but what we would suggest is that this is sloppy business. No reasonable businessman would pass out funds without a signed agreement, yet the minister tells us he does not have that. All he has is an exchange of letters. Would the minister tell us what assurance he has that the correspondence is binding on the province of Saskatchewan, as it has been on the crown in the right of Canada?

Mr. Hamilton (Qu'Appelle): I do not know whether the hon. member was in his place when I read the document, but I stated the legal opinions on this, and in the case of Saskatchewan the road had been completed. The auditors' accounts had been received, and I think everyone was satisfied the work had been done and therefore there was nothing to hold Saskatchewan to. They had completed their part of—I do not want to use the word "agreement" because it has been used in three or four senses in this debate—but their part of the bargain.

Mr. Hellyer: How soon does the minister think a formal agreement will be reached, or is it the intention to supplement the existing exchange of letters with a formal agreement?

Mr. Hamilton (Qu'Appelle): I cannot give a precise answer to that because the matter has to go before cabinet, and I have a feeling that it will not be going before cabinet for at least two weeks.

Mr. Hellyer: Can the minister tell us if the Prince Albert bridge has been completed?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Mr. Hellyer: Could the minister tell us if any part of the funds which were passed to the province of Saskatchewan are earmarked as part of the expense for that bridge?

Mr. Hamilton (Qu'Appelle): If I understand the hon. gentleman correctly, he is asking me if any part of the $750,000 advanced went to pay for the bridge?

Mr. Hellyer: That is right.

Mr. Hamilton (Qu'Appelle): The answer is no.

Mr. Hellyer: Then is it correct to assume that any expenditure on that bridge will be included in the present vote 280 if agreement is subsequently reached?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Chairman.

Mr. Pickersgill: I would like to ask the minister if there are any provincial governments which have been pressing the federal government to conclude these agreements?

Mr. Hamilton (Qu'Appelle): The federal government and provincial governments are anxious to conclude the agreements, but I can honestly say that no government is pressing because these debates on these legal points in the contracts, as well as over the physical condition of the roads sometimes, have been going on in a friendly manner although we have had sharp differences. But we see each other's viewpoint, and I do not think any province is pressing the federal government.

Mr. Pickersgill: Could the minister say in how many provinces work is now in progress on roads which are contemplated for inclusion in these agreements? That is, leaving out British Columbia where there is an agreement.

Mr. Hamilton (Qu'Appelle): All of them are.

Mr. Pickersgill: The actual work is proceeding on all of them in default of agreement?

Mr. Hamilton (Qu'Appelle): Yes; always leaving out Quebec, of course. In every one of the other nine provinces work was done by various dates which we agreed upon up to the end of March 31, 1959, and is still continuing in this fiscal year.

Mr. Pickersgill: No money has been paid to any province except Saskatchewan and British Columbia?

Mr. Hamilton (Qu'Appelle): That is correct.

Mr. Pickersgill: I would like to ask the minister if there are many projects actually completed?

Mr. Hamilton (Qu'Appelle): I do not think there are any, Mr. Chairman, except the one at Otosquen in Saskatchewan. My officials do not know of any more.

Mr. Pickersgill: Could the minister tell us briefly what these legal difficulties are holding up these agreements?

Mr. Hamilton (Qu'Appelle): The first difficulty we ran into was what they called the time payment clause. This was proposed as a difficulty by Saskatchewan last November or December, if my memory serves me correctly. Then Saskatchewan proposed a new type of paragraph to cover this, and we finally agreed, as the federal government, to accept it. We said we would not accept it until we had spoken to all other provinces, and this led to a renegotiation of the time clause. When the time factor was changed, all the programs had to be re-examined and spread over the program, so that each province has a different amount planned for all the years of the program. This is not precise because in some provinces we have not fully concluded what the exact roads will be.

Then there is another legal difficulty about covenanting beyond the amount of $15 million if a road program costs more than $15 million. There is debate as to whether they should covenant themselves to complete the road when we do not know what the final cost will be. They were the same difficulties in the trans-Canada agreements.

Mr. Pickersgill: Can the minister explain why it was possible to conclude the agreement with British Columbia? Surely the same difficulty arose there as with the other provinces.

Mr. Hamilton (Qu'Appelle): This was done before I came into the department. As I understood it, it was a kind of quick deal on the part of the provincial and federal governments, and the province was not fully aware of what they had committed themselves to.

Mr. Pickersgill: I think the minister has really let the cat out of the bag now. The one agreement which was concluded was concluded before this very experienced minister came into the department. It really is a very sorry chapter of fumbling and bumbling that we have been listening to all last Saturday and all this evening. All the time this minister has been in this department, with all his vast experience of domestic affairs, and in all those years he was losing elections in Saskatchewan when the Leader of the Opposition was sitting in the government of Canada helping to carry on the affairs of this country; during all that period when he was getting that experience, he was learning how to conclude agreements with his own province; secret agreements, agreements about matters so secret that the public could not be told. I suggest to the minister, and I will not do anything more to hold up his estimates now, that he get rid of all this secrecy nonsense. If the minister had been able to get elected to any riding anywhere before 1957 he would have heard in this house, and probably joined in, the most terrific denunciation from his present leader about secrecy, orders in council, and things concealed from the public. Yet here this minister boasts day after day of how he is keeping things secret from parliament which are parliament's business. It seems to me that the sooner this ridiculous practice ends the better.

Mr. Peters: Mr. Chairman, I had something to do with this matter days ago and I am still a bit confused about what has happened. The minister did give some information, but I suggest to the minister that this information has been kicking around in various forms for some time. The hon. member for Timmins will tell you that the Chapleau-Foleyet road has been in the process of being built for many, many years; and also at the present time the minister of mines and forests in that area announces every week that another ten miles has been built. So there have been politics playing a part here, whether the minister knows it or not, and I suggest he has heard enough in this debate to realize that a great many of the problems would have been eliminated if he had brought in a report on the progress of these access roads. There is no secret about them. You may even find that some of the hon. members representing these areas know more than the minister's officials. Many of them have worked for the company involved and know considerable about them. I do not think there need be anything undercover about it. I think there needs to be a contract which will bind all parties with regard to these particular roads.

One of the minister's supporters the other day told me of his particular riding where this program is being used where they were fencing along the side of the road and they dug the fence posts the day before the provincial election, and the day after the election he informed me they went around and did not put posts in the holes but put the dirt back in, and that was the end of the program.

These things are happening. The minister can ask his backbenchers in the 26 seconds that each of them has in caucus, and they will tell him about these things. In any case, I suggest that he should set forth an account of how this money which we vote towards these roads is spent, in the same way as details of other projects are outlined

in the estimates. We should be told what progress is being made in the construction of these roads, where they are going, how they are being financed, and who is going to control them. I am very interested in these access roads. Many have been put in by the companies for fire protection and other reasons; they are fine, big, wide roads and there is often a gate on them. I recall in particular the road from Gowganda to Ramsey or to Sultan a few miles down the railway track. This road has been built for some time and is travelled by a number of people on permit. It could be made into a suitable highway, and I suggest this is one of the roads about which something could be done. But an agreement is going to be necessary or one of these days we will be told in this house that a road toward which federal grants have been contributed has a gate on it. The Abitibi company or the Marathon company will say it is not a public road and that the public has no right to travel over it. I suggest that some of these roads might with advantage be taken over by negotiation.

With regard to the other question, I do not think it is necessary to write a letter and take several weeks to consider these matters. I think these are decisions which would be made public at a time when tenders are called, as is the case with other jobs. We know of cases where roads have approached completion, yet the people in the area have never been informed where they are going or who is financing the project. I suggest the minister should take a lesson from this discussion which has, I believe, contained constructive criticism. The money which is spent by the federal government on this program gives us a complete right to know the details of these contracts, and I suggest that there must be contracts or we are not handling our finances in a satisfactory manner. If we give this money out in the form of grants, we should consider, say, $15 million to be a grant and give the money to a province to do with it what it likes. But as long as we are exercising some control we should give serious consideration to a better accounting system and to reaching a signed agreement in each case.

We in northern Ontario appreciate this program but we are losing a good deal of faith in it because we are always hearing some politician saying he has been given the latest word from the provincial parliament and the next road is going to be built for four miles in this or that direction to open up resources. I am sure that is not what the minister contemplated when he began to administer this program, and I say to him that it is within his power to end this type of speculation and give the people a much better understanding of the developments which are going to take place, and where the development roads are going to lead.

Mr. Caron: Did I hear well when the minister answered the hon. member for Trinity by saying that the bridge in Prince Albert was under a special agreement. Was that what the minister said?

Mr. Hamilton (Qu'Appelle): Yes. The bridge in Prince Albert is governed by an agreement with the province of Saskatchewan and the agreement calls for the federal government to pay 50 per cent, the province looking after the other 50 per cent, but I think they have an agreement with the city of Prince Albert to pay 12½ per cent.

Mr. Caron: That is 50-50-12½?

Mr. Hamilton (Qu'Appelle): No. We are paying 50 per cent and the province is paying 50 per cent but out of the province's share the city of Prince Albert is paying 12½ per cent.

Mr. Caron: Was that included in the $9 million?

Mr. Hamilton (Qu'Appelle): Yes, it will come out of this vote.

Mr. Hellyer: Which definition of agreement is the minister using here? Which of the three or four definitions which he has been using all the afternoon?

Mr. Hamilton (Qu'Appelle): The total amount of the estimated cost of the bridge is $2,500,000 but under our agreement we cannot pay any more than $1,250,000.

Mr. Caron: And over and above that there is an amount of $780,000 for the roads to resources program?

Mr. Hamilton (Qu'Appelle): $750,000 last year.

Mr. Caron: That makes almost $2 million.

Mr. Hamilton (Qu'Appelle): The hon. member is lumping the total cost of the bridge into one year, if I understand him correctly, and the advance we pay to Saskatchewan.

Mr. Caron: According to that program a maximum of $1,500,000 can be spent in a year. If there has been an expenditure of $1,250,000 plus $750,000 that makes $2 million spent in one year, which would be $500,000 over the amount which it is possible to spend on that item.

Mr. Hamilton (Qu'Appelle): The $750,000 was spent last year. Then as progress is reported on the bridge we shall pay certain

parts of our share of the $1,250,000. I imagine it would last over at least two years.

Mr. Caron: Could we have the figures for the money spent in the same year on the bridge and on the road?

Mr. Hamilton (Qu'Appelle): There has been no money spent by the federal government on the bridge yet out of this vote for $9 million.

Mr. Caron: If no money has been paid it will be paid in a lump sum and so, for the one year, the government will pay over $1 million when it should not spend more than $1,500,000.

Mr. Hamilton (Qu'Appelle): I think the phrase which should be used is "not more than half of $3 million can be spent in respect of any one year." If there are delays in payment and overlapping the actual amount paid out could, I suppose, be more than $1,500,000, but in respect of one year the moneys we could pay to a province would be $1,500,000.

Item agreed to.

Forestry branch—

285. Construction or acquisition of buildings, works, land and equipment, $36,330.

Mr. Fisher: I think I can bring up under this particular vote something that I think needs underlining because in my opinion it was one of the most regrettable bits of evidence that came before the committee looking into the affairs of the forestry branch. I refer to the evidence that this branch let some of its best silvicultural projects that had been in effect for some 30 years, and some of the best sample plots they had, go to the Department of National Defence because that department wanted a bit larger tank proving ground or manoeuvring ground for their troops. This to me is almost laughable when one considers the importance of silviculture in relation to the need of the army for an increased training ground. I know that national defence controlled this property at Petawawa and perhaps the forestry branch was there on sufferage.

I ask the minister this question. Why did he ever O.K. the wiping out of almost 50 per cent of the research areas for silviculture at Petawawa? Why did he not make some attempt to acquire that particular land on a permanent basis so these experimental areas could have been kept going? To me it was one of the most grievous blows silviculture has suffered. I understand that Major General Young was instrumental in bulling this through from the point of view of national defence. Someone bulled it through, anyway. To me it was a bad and stupid decision. I would like an explanation as to why the forestry branch and the minister gave in so easily on this point.

Mr. Hamilton (Qu'Appelle): I share and appreciate the feelings of the hon. member concerning the loss of the silvicultural experimental areas at Petawawa. Every member of the forestry branch of my department would agree with me. The exigencies of the training program for national defence made it imperative for them to ask for this territory. I can assure the committee that the department has been reasonable with us. They are delaying the taking over of the property for defence purposes until we can get the maximum information available before the area is taken over.

Mr. Fisher: With sample plots it is not a question of 15 or 20 years to get results. You sometimes have to go through a whole cycle of up to 70 or 75 years. If there is any way the minister can salvage any of the regions that have been turned over I think he should give us his assurance that he will try to do so. When we consider that the Department of National Defence has that big camp at Gagetown and large areas at Camp Borden, and so on, to carry out manoeuvres, we fail to see any reason either in terms of economics or in terms of the defence needs of this country for the areas being allowed to go as a camp training ground or something of the kind. I do not think national defence is that important that in the light of the other areas national defence has silvicultural areas should be jettisoned. I hope the minister will try to save any of the plots that have not been already damaged by the military. In other words, I am suggesting to the minister that he try to renegotiate the matter if it is at all possible.

Mr. Hamilton (Qu'Appelle): I think the hon. member may have that assurance. First of all they have agreed to delay. Second, we are seeing what we can do to make the best of the situation. I think what the hon. member really wants is a statement of policy which I feel I can give him.

As far as the department is concerned we would like to have experimental areas entirely our own. As hon. members know the use of forest areas in the military reservations was just the start of the program but now that everybody accepts the task of the federal government in these vital research programs we do not want our programs hurt or interrupted by changes of policy on the part of the military who have a prior interest in the reservations. I will certainly take what the hon. member said into the most careful consideration.

Item agreed to.

286. Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements entered into by Canada and the provinces, $2,200,000.

Mr. Fisher: I should like to get the minister's view on the recommendation in the committee's report in so far as money for reforestation is concerned going to crown lands that are under licence to companies. At the present time I understand that is not possible. I wonder what course of action is likely to be taken in this regard?

Mr. Hamilton (Qu'Appelle): The report of the committee is very recent, as the hon. member knows. We will have to take a very good look at the renegotiation of these agreements. I think the hon. member is aware that most of the provinces are finishing up their inventories. There may be a possibility of arriving at some type of rolling inventory to keep it up to date. Is that what the hon. member is referring to?

Mr. Fisher: No, it is the question of artificial reforestation and the fact that at the present these funds cannot be spent on crown lands that are under licence to pulp and paper companies. We have a real problem in Ontario. In our cutovers almost half of the regions are not regenerated. It is the policy of some companies to plant and others do not bother. There are a number of ways you can try to bring a site back especially if it is a good one. One of the best is to plant good spruce or pine stock on the best sites. At the present time there is encouragement to the provincial forest service to do this kind of thing because they get financial support but the pulp and paper companies or the department of lands and forests working in co-operation with the companies do not get any support for the lands that are already under licence. This is something that should be changed at once. I think it would give a real impetus to some of the forestry departments of some of the larger companies, and give a sort of *raison d'être* for getting into a much larger plan of artificial regeneration than the companies are involved in at present.

I know that the difficult factor is that the question has not been settled as to whose responsibility it is to undertake regeneration measures. As long as this government gives any money for artificial regeneration for any crown lands I fail to see why other crown lands should be discriminated against.

Mr. Herridge: I suggest that Ontario make its agreements in the fashion in which they are made in British Columbia where the companies concerned are entirely responsible—

Mr. Pickersgill: And where the ministers go to jail.

Mr. Herridge: The policy I am speaking about was initiated by the former Liberal government of British Columbia—or rather the former coalition government—so both get some credit. I am pleased at the increase in this vote. I intended to say a great deal about this but I will be brief to facilitate the passage of these estimates.

It is important to continue forest inventory work but the most urgent thing is adequate fire protection. I urge the minister to give consideration to the excellent suggestions of the committee with respect to increased financial contributions on the part of the federal government toward forest fire protection.

Mr. Peters: I wish to endorse what the hon. member for Kootenay West has said. Forest inventory is vitally important but it must be tied in with another fact. Some of our companies such as Spruce Falls Pulp and Paper Company have done a fairly good job on reforestation. Abitibi, which holds immense limits, have done practically no work at all in this field. We suggest that before any assistance is given that this requirement be made mandatory. It is of vital importance in my particular part of the country. In discussing this matter with some of the companies I have learned that where virgin stands of white pine existed previously there is no reforestation taking place in that particular area. Hon. members need only to go a few miles out of Ottawa to learn that where there were vast timber stands of white pine before, there is no regeneration at all of white pine. White pine in the Ottawa valley is almost extinct. We suggest that the federal government could expend their money in no better way than to increase this vote to encourage the reforestation of those areas that are suitable only for the white pine industry and where regeneration under natural conditions has not taken place to any extent.

Mr. Caron: I have just one question. With respect to the program of reforestation and fire protection, is there any agreement in this field for the province of Quebec?

Mr. Hamilton (Qu'Appelle): No, Mr. Chairman.

Item agreed to.

287. Contributions to the provinces pursuant to agreements entered into with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them in establishing forest access roads and trails for the attainment of adequate fire protection as well as other aspects of forest management, $1,000,000.

Mr. Pickersgill: I am sure the minister would like to tell us how many provinces he has agreements with under this item?

Mr. Hamilton (Qu'Appelle): Eight, Mr. Chairman.

Mr. Pickersgill: Have the agreements all been concluded and signed?

Mr. Hamilton (Qu'Appelle): Yes, Mr. Chairman.

Mr. Caron: Is the province of Quebec the only province that has no agreement?

Mr. Hamilton (Qu'Appelle): Quebec and Prince Edward Island.

Item agreed to.

Forest products laboratories division—
288. Operation and maintenance, $820,097.

Mr. Peters: On this matter of forest products laboratories division, I should like to ask the minister whether any consideration is being given to helping small companies which are interested in establishing in those areas where the lumberng industry has been very hard hit? Are they giving any consideration to research into new methods of increasing production, either in the lumber field or in the secondary industries which are connected with the lumbering industry? I have a particular case in mind where a company has been interested in manufacturing or using a new process of making fibreboard on patents from Sweden. They have been attempting to get permission for some time now. I believe that assistance in such methods as that would affect them in that particular area. If reseach were done into the secondary products it would be of great advantage in establishing this type of secondary industry. Many of these plants are small, their resources are limited, and yet they have shown initiative in a desire to re-establish themselves in secondary products. I know that the manager of this company has made a trip to Sweden on two occasions at his own expense. I am wondering whether any work has been done in this particular field. The program that he is interested in is a type of excelsior and cement fibre board. It is manufactured, or would be manufactured, under international patents. But there are other types of processes that are taking place, including the use of sawdust and shavings, and things of that nature, which could be advantageous to small companies if the research was done for them.

I know that some of this work has been done by the larger companies into such things as patent lumber, plywood, or bondwood—it is a kind of board, anyway, that is being manufactured by Abitibi at Sturgeon Falls. These programs take a great deal of money to develop. If some of the knowledge or information was available to much smaller companies they could probably go into production and thereby establish secondary industries.

I also think that some research should be done into handling the reforestation of a different kind of tree from what we are now growing. I am thinking of the United States where in the southern states they have developed a type of weed tree which, instead of taking 80 or 90 years to grow, as the white pine does, grows to a usable size in about 12 years. Some type of development along these lines would be very advantageous in northern Ontario and would help establish secondary industries.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, I think I can answer very briefly the first part of the hon. gentleman's remarks about the helping of the small lumber operators. There is a great interest in the department in how we can shift our forest products research in helping the small operator. I have a few notes that I think would be of help to the committee.

The utilization of sawmill waste for the manufacture of wood pulp continues to show encouraging progress. Our laboratories continue to carry out research in barking, chipping and transportation of mill residues. Field studies of logging operations and of manufacturing plants include investigation into the effect of tree size on lumber manufacture, the influence of log defects on lumber quality, and the effect of prebarking on sawmill operations. Before we can speed up this help for the small operator we have to build up our research staff. This year we made a small start on what I look on as a five-year program. This year we put into the forest products research staff three additional professional officers and four technicians. I hope that by the end of about five years it will have the effect of doubling our efforts.

I would like to tell the committee about something else that has not been mentioned. What we are very proud of is a series of two-day courses on improved sawmilling techniques conducted by the Ottawa laboratories. This series was commenced last year and courses were given in April, 1959, at La Sarre, Quebec, and at Timmins, Ontario, each course being arranged in co-operation with the provincial department concerned and with the Canadian Lumbermen's Association. Further courses are to be given in British Columbia and in Saskatchewan this autumn. These courses have been attended by practical sawmill operators and have given rise to most favourable comments.

Mr. Fisher: I should like to put a question to the minister in regard to the recommendation for the setting up of a marketing section. I could not say whether it should be dealt with by the forest products laboratory set-up or whether it should be a section that would be outside of that and work sort of generally in liaison with the Department of Trade and Commerce. I just wonder whether the minister has any news or any ideas as to whether that particular section has been gone ahead with as recommended and how it would fit into the department's scheme of things?

Mr. Hamilton (Qu'Appelle): I must confess, Mr. Chairman, that I have not had time even to consider that report. I saw it there and thought about it once or twice, but I have not had time to discuss it with anyone, or consider it, but I will promise the hon. member that I will take a good look at it.

Item agreed to.

National museum of Canada—

292. Administration, operation and maintenance, $675,776.

Mr. Fisher: Mr. Chairman, I should like an answer from the minister on the remarks I made on the first item in connection with the museum. What are his plans to end the trouble with Canadians in this particular field of specialization? What arrangements does he think his department could make with the universities to bring along people and enable us to get rid of persons like MacNeish who have been with the museum for years and have not bothered to become Canadian citizens?

Mr. Hamilton (Qu'Appelle): I have discussed the matter of qualified Canadian personnel for the museum with several university presidents and some of the reactions have been most favourable. I have informed the university presidents that if they can supply qualified senior and graduate students we will provide them with summer employment to keep them coming along and give them in-service training within the museum.

Mr. Fisher: I should like the minister to comment on two other things. What are his views on the way in which the recently departed head of one of the branches of the museum was recruited? Does he think that recruitment was done fairly and without any political considerations? The other matter I should like him to comment upon is the need and how, if he sees a need, he is going to act with regard to controlling archaeological artifacts in so far as moving outside the borders of the country is concerned.

Mr. Hamilton (Qu'Appelle): I hope the hon. member will accept my statement on the recruitment of the past head of the human history branch of the museum. It will be a simple statement. It was an example of positive recruitment that did not turn out too well, and this is no reflection on the man's ability as a scientist at all. As to the second part of his question, I am very keenly interested in the protection of archaeological artifacts. We have amendments in both the Yukon Act and the Northwest Territories Act in order to look after that region and we are now studying what is being done in each of the provinces with the intention of holding discussions with them in the hope that they will set up protection for artifacts found within their boundaries.

Mr. Fisher: I wonder whether the minister would consider this request. If it is at all possible and if the minister discovers within the government service any possible post that the recent director of one section of the museum could fill because of his undoubted scientific abilities, will he try to do his best in that regard? I feel that here is a gentleman who through a number of most unfortunate circumstances has had what appeared two years ago to be a most bright and promising future disappear through factors which were to quite an extent beyond his control. I should like to ask the minister to retain his interest and to seize the opportunity if he can ever make a recommendation or sees a spot where the man's undoubted scientific abilities can be used.

Mr. Hamilton (Qu'Appelle): I did go to some length in making a job offer to the director before I asked him to resign and if I do hear of a job suited to his particular abilities I will certainly do everything I can to bring him in touch with it.

Mr. Herridge: Mr. Chairman, I have had a number of letters and inquiries about this senior civil servant, the director of the archaeology branch, who has held this position for 10 years, I understand, and is still not a Canadian citizen. Has this civil servant been asked to take out his citizenship or asked why he does not want to become a citizen of Canada when he holds a senior position?

Mr. Hamilton (Qu'Appelle): We had a pretty thorough discussion of this matter in the standing committee. One of the members of the C.C.F. party was there and questioned me about it, and I think I made my position as clear as I could. I said that I would never make a request or exercise any form of pressure to force a person engaged in scientific work at the museum to take out Canadian citizenship. I would be very happy,

of course, if they would. I would be very proud to have them. But you must remember also that in the world of science we do not want to close off scientific information coming into this country in the form of personnel of other nationalities and at the same time we do not want to close off scientific knowledge going from this country to other countries. I pointed out in the committee that all over the world and particularly in the United States many bright Canadian scientists are making their contribution even though they maintain their Canadian citizenship. There are only four or five people in a division of 76 who are not Canadian citizens and I do not think this is causing any great danger to the institution at all. I know that they are very highly qualified and I certainly would never think of asking them or putting any form of pressure on them.

Item agreed to.

Canadian government travel bureau—

293. To assist in promoting the tourist business in Canada, including grant of $5,000 to the Canadian tourist association, $2,319,342.

Mr. Garland: Would the minister care to comment on the activities of the bureau and its effect on this important Canadian industry?

Mr. Hamilton (Qu'Appelle): Under its terms of reference the Canadian government travel bureau operates primarily to advertise Canada in the United States. Its purpose is to make as many Americans as possible conscious of the possibilities of Canada as a tourist spot and to draw them to this country. The bureau does not advertise in Canada. That is left to the provincial governments. There was a very thorough discussion of this matter in the standing committee, and I gave evidence there to the effect that I did think that selective advertising of the right sort, of a discriminatory sort to achieve the ends you wanted, would be wise. I said that in addition to advertising, some attention should be paid to what we call the tourist plant. In other words, there is very little use in advertising the beauty of an area if there are not facilities to handle the tourists going into that area.

We have tried to help out, as far as my department has been able to go so far, by the provision of the camp and picnic ground program which has been very successful. I think total expenditures amount to $6 million to date and in the next year or so expenditures will reach $10 million. The purpose of the program is to provide camp grounds and picnic sites along the highways of the provinces and the trans-Canada highway.

[Mr. Hamilton (Qu'Appelle).]

There are two separate types of agreements. There are many other things that have to be done.

This afternoon the house was discussing credit for small business. The tourist industry is largely a small business industry, and this is one of the things the government has been considering very seriously ever since the new government was formed. The problem has many complexities and one is the tourist business. The additional complexity affecting the department has to do with the national parks. The national parks do not give ownership of the land or property to a person building any type of plant and therefore it is very difficult for that person to get credit. There is a great need for credit in the tourist industry, which is mainly a small business industry. It is also an industry that we can use to attract many more people into Canada and equalize our balance of trade and develop the country. There is much to be done.

There is one other thing I have not mentioned. I have received a number of letters from various people across Canada saying that our forest access roads and roads to resources are being received with considerable satisfaction because tourists are very keen about finding their way into new areas. These roads are yielding revenues and benefits to the communities even before the forest areas or mineral resources are developed. I think that covers the activities of the travel bureau with the probable exception of the film activities which I think are well known.

Mr. Garland: Can the minister tell the house the volume of the tourist business to date this year compared to the same period last year?

Mr. Hamilton (Qu'Appelle): It is a little above last year, Mr. Chairman.

Mr. Garland: I wonder if the minister could say what measures are being taken by the government through the travel bureau to offset the loss of business resulting from United States promotion urging their citizens to see their own country first, and what effect it has had?

Mr. Hamilton (Qu'Appelle): The tourist business today is highly competitive. We have Europe, the West Indies, Mexico and even Asia now moving into competition in this tourist industry. Canada has to gear itself to meet this new competition because this is big business all over the world. Every year the dominion government and the provinces meet in a dominion-provincial conference. This year it will be in the latter part of November. In this meeting each of the eleven governments tries to lay down

a plan that will build up our operations, both at the provincial level and at the federal level. Both levels of government are always subject to the fact they have the fiscal conditions to meet.

I can assure hon. members that there is no activity between the federal government and the provinces in which I think there is more enthusiasm more awareness that much has to be done to help this tourist industry take advantage of the opportunities that are here and help meet this increasing competition.

Mr. Garland: I was asking what precisely is being done to offset this United States promotion this year; I am not talking about generally.

Mr. Hamilton (Qu'Appelle): We have spent a little more money, not very much I know. We have a little more enticing advertising. We had openings in Chicago and New York of new offices and we are hoping to get enough money to get offices in the west coast of the United States, as well as other places.

Then again, we have been looking at the advertising and trying to get it into broader fields. Let me put it this way. One assumption we have been making in our advertising is that the people who are primarily interested are those who are close to Canada. I am not sure that is true. There is a large amount of evidence collecting that people who are getting information from away out in San Francisco are not interested in just going across the border, they are interested in the more distant parts. There has been a tremendous increase in long distance travel in both Canada and United States. We are trying to reach those United States citizens who are farther away from the Canadian border.

Then, some of us have the feeling that we could put on a special type of hot weather advertising in the southern states, advertising how cool it is in Canada while they are suffering from the heat.

Mr. Garland: Of this vote of $2,319,000, the largest single item is one of $1,468,000 for advertising in United States newspapers and magazines. I was wondering if the minister would be kind enough to give me the number and names of the agencies that place this advertising.

Mr. Hamilton (Qu'Appelle): There were three Canadian advertising agencies handling the business in 1958. They were Locke-Johnson Company Limited who handled the general magazine campaign; Harold F. Stanfield Limited, who handled the newspaper campaign and Hayhurst who handled the special Atlantic provinces campaign.

Mr. Hellyer: I should like to discuss this very important subject at some length, but in view of the disposition of this committee this evening, and in view of the fact my remarks will probably be equally appropriate a year from now, with the indulgence of the committee I shall leave it to a later date.

Item agreed to.

The Deputy Chairman: This completes the estimates of Northern Affairs and National Resources.

Mr. Hamilton (Qu'Appelle): I know that the members of the committee have enjoyed the estimates of this department and I want to assure them that I have enjoyed them as much as anyone. Quite sincerely, I want to thank everyone for taking a keen interest in the department. It is always an interesting occasion when I have a chance to defend my program.

Mr. Chevrier: Before the minister leaves, I think the house should take cognizance of the fact that the Minister of Mines and Technical Surveys has been waiting here for several days to pass his estimates. I suggest that we continue with his estimates at this time.

Mr. Peters: Mr. Chairman, I think the agreement was quite well understood. I sympathize with the Minister of Mines and Technical Surveys, but he has been in this position several times, and I suggest we call it ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: Will the acting house leader tell us what we will do tomorrow and Saturday?

Mr. Churchill: Mr. Chairman, I should like to express a word of appreciation to the committee for its co-operative attitude tonight and, I think, a word of appreciation to the staff of the House of Commons because they are working long hours under difficult conditions. The general plan appears to be to complete the business as expeditiously as possible with the most careful scrutiny. Tomorrow, we will carry on with mines and technical surveys, followed by fisheries and post office. I shall list the others in the order in which I gave them the other day, subject to perhaps a change if we run over to Saturday: Secretary of state, privy council, national revenue, C.B.C., legislation, health and welfare and

finance. There are obviously nine departments to consider, but four of them have been through the various committees of the house.

I am not in a position to announce the business for Saturday until we see what progress we make with the estimates. It is possible, I think, to complete the business of the house if we sit Saturday night because of the eight items on the order paper of a legislative nature, five are of a very minor character. We will see what progress we make tomorrow.

It being 11.31 p.m. the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

PORK SHIPMENTS ABROAD

Question No. 472—**Mr. McIlraith:**

1. Has the Canadian government since January 1, 1959, sold pork for shipment out of Canada?

2. If so, (a) in what quantities; (b) to what countries; (c) at what price?

Answer by: **Hon. D. S. Harkness (Minister of Agriculture):**

1. Yes.

2. (a) 3,918,550 pounds of frozen products.

(b) Mexico, Italy and Czechoslovakia.

(c) Prices ranged from 16 to 30 cents per pound, ex warehouse, depending on type of frozen product and place of sale.

DELAYS AND NON-DELIVERIES OF MAIL

Question No. 494—**Mr. Denis:**

For each of the fiscal years 1955-56, 1956-57 and 1957-58, how many inquiries have been received by the Post Office Department, concerning delays or non-delivery of mail matter?

Answer by: **Hon. W. M. Hamilton (Postmaster General):**

	Delays	Non-delivery
x1955-56	62,561	145,279
1956-57	29,966	36,118
1957-58	26,595	41,840

xPrior to 1955-56 there was some duplication of recording statistics due to the fact that many inquiries had to be investigated in more than one postal district. To improve the accuracy of the statistics a change in recording was made in 1956. This explains the variance in figures for 1955-56 when compared to the succeeding years.

[The following items were passed in committee of supply]:

DEPARTMENT OF TRADE AND COMMERCE

General administration—

380. Departmental administration including fees for membership in the international organizations listed in the details of the estimates, $2,636,084.

383. Exhibitions branch, $790,592.

384. Standards branch, $2,383,690.

385. Dominion bureau of statistics, including the fee for membership in the inter-American statistical institute and a contribution of $500 to the international statistical institute, $8,565,609.

Board of grain commissioners—

(Canada Grain Act)—

386. Administration, $173,931.

387. Inspection and weighing of grain, and related services, $4,427,169.

Supply—Items Passed

Canadian government elevators—

388. Operation and maintenance, including authority to purchase screenings, $1,464,517.

389. Construction or acquisition of buildings, works, land and equipment, $194,000.

390. International economic and technical co-operation branch, $410,903.

Pensions and other benefits—

391. To authorize payment of a pension during the current and subsequent fiscal years, notwithstanding anything in the Financial Administration Act or any other act or law, to Ryuji Yoshimura, a former locally-engaged employee, at an annual rate of $600, $600.

Trade commissioner service—

481. To increase to $350,000 the amount that may be charged at any time to the special account, mentioned in vote 511 of the Appropriation Act No. 5, 1958, that was established for the purpose of providing for working capital advances to posts and employees on posting abroad, $50,000.

General administration—

582. Departmental administration, including fees for membership in the international organizations listed in the details of the estimates—further amount required, $700.

583. Dominion bureau of statistics—further amount required, $121,935.

ATOMIC ENERGY

Atomic energy control board—

37. Administration expenses of the Atomic Energy Control Board, $62,800.

38. Grants for researches and investigations with respect to atomic energy, $650,000.

Atomic Energy of Canada Limited (research program)—

39. Current operation and maintenance, including expendable research equipment, $20,582,800.

40. Construction or acquisition of buildings, works, land and equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada Limited, $10,796,700.

Loans, investments and advances—

Atomic energy of Canada limited—

474. Working capital advances to Atomic Energy of Canada Limited, subject to such terms and conditions as the governor in council may approve, $4,500,000.

NATIONAL RESEARCH COUNCIL

252. Salaries and other expenses, $26,192,170.

253. Construction or acquisition of buildings, works, land and equipment, $3,941,410.

549. Construction or acquisition of buildings, works land and equipment—further amount required, $600,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

280. Contributions to the provinces to assist in the development of roads leading to resources in accordance with agreements entered into by Canada and the provinces, $9,000,000.

Forestry branch—

281. Branch administration, $163,785.

Forest research division—

282. Operation and maintenance, $1,470,657.

283. Construction or acquisition of buildings, works, land and equipment, $123,240.

Supply—Items Passed

Forestry operations division—

284. Administration, operation and maintenance, $343,468.

285. Construction or acquisition of buildings, works, land and equipment, $36,330.

286. Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection in accordance with agreements entered into by Canada and the provinces, $2,200,000.

287. Contributions to the provinces pursuant to agreements entered into with the approval of the governor in council, by Canada with the provinces, of amounts equal to one-half of the amounts confirmed by the provinces as having been spent by them in establishing forest access roads and trails for the attainment of adequate fire protection as well as other aspects of forest management, $1,000,000.

Forest products laboratories division—

288. Operation and maintenance, $820,097.

289. Construction or acquisition of buildings, works, land and equipment, $68,190.

290. Grant to Canadian forestry association, $20,000.

291. Eastern Rockies forest conservation board—remuneration and expenses of the federal member of the board, $5,575.

National museum of Canada—

292. Administration, operation and maintenance, $675,776.

Canadian government travel bureau—

293. To assist in promoting the tourist business in Canada, including grant of $5,000 to the Canadian tourist association, $2,319,342.

Loans, investments and advances—

476. Advances to the northern Canada power commission for the purpose of capital expenditures in accordance with sub-section (1) of section 15 of the Northern Canada Power Commission Act, $6,050,000.

477. Advances in accordance with agreements entered into pursuant to the Atlantic Provinces Power Development Act, $11,627,000.

National parks branch—

National parks and historic sites services—

551. Administration, operation and maintenance—further amount required, $358,463.

552. Construction or acquisition of buildings, works, land equipment—further amount required, $500,000.

Water resources branch—

553. Saint John river—federal expenditures in connection with investigations to be carried out by the Saint John river board, $70,000.

554. Fraser river—federal expenditures in connection with investigations to be carried out by the Fraser river board, $150,000.

555. Construction of a fishway on the Yukon river at the site of the hydro-electric power development being constructed by the northern Canada power commission for the Whitehorse area (revote), $525,000.

Northern administration and lands branch—

Northwest Territories and other field services—

556. Operation and maintenance—to extend the purposes of vote 278 of the main estimates for 1959-60 to include the contributions detailed in these estimates, $1.

557. Construction or acquisition of buildings, works, land and equipment—further amount required, $306,000.

Forestry branch—

Forest research division—

558. Construction or acquisition of buildings, works, land and equipment—further amount required, $12,000.

Forest products laboratories division—

559. Construction or acquisition of buildings, works, land and equipment—further amount required, $19,000.

HOUSE OF COMMONS

Friday, July 17, 1959

The house met at 11 a.m.

UNEMPLOYMENT INSURANCE

ADVISORY COMMITTEE—INQUIRY AS TO APPOINTMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether he would comment on a Canadian Press report of this morning to the effect that there was a meeting between the Prime Minister, the Minister of Labour and Canadian Labour Congress officers early this month to discuss labour representation on the unemployment insurance advisory committee, and that at that meeting the Canadian Labour Congress received certain assurances regarding future Canadian Labour Congress recommendations for such appointments.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there was a meeting as stated. The stand taken by the government was that under the law as it exists there shall be consultation with labour organizations in respect of appointments to be made. It was made very clear that in the future, as in the past, this government will at all times consult labour organizations with a view to having from those organizations the names suggested by them as worthy of appointment. But consultation does not mean determination. Consultation means that the names submitted will receive the attention of the governor in council. Consultation means consideration of the suggestions made, but does not imply a determination of the issue by reason of the names suggested.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour a supplementary question based upon the interesting observations of the Prime Minister. In view of the fact that the government has now decided to consult labour with regard to its appointments—

Mr. Diefenbaker: And we have done so regularly.

Mr. Martin (Essex East): The Prime Minister says that the government has done so regularly. May I ask if it is a fact that George Burt, a former member of the unemployment insurance advisory committee, has declined reappointment; and can the minister say what progress is being made with regard to the appointment of representatives of the congress and the Canadian and Catholic Confederation of Labour on the advisory committee of the unemployment insurance committee representing labour?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, in answer to the hon. member's question, I have no comments to make nor have I any information with respect to the first part of his question.

Concerning the second part of his question, all nominations have been made for appointment to the unemployment insurance commission including those made by representatives of the Canadian and Catholic Confederation of Labour and those made by the Canadian Labour Congress.

Mr. Martin (Essex East): May I ask a supplementary question. Does that mean that the united automobile workers, through Mr. George Burt, will not be represented?

Mr. Starr: Mr. George Burt's name was not submitted by the Canadian Labour Congress.

Mr. Martin (Essex East): My question was that the united automobile workers will not be represented.

Mr. Starr: Mr. Speaker, there is no particular segment of representation. All workers are represented by those who are on this commission.

NOVA SCOTIA—REQUEST FOR EXTENSION OF BENEFITS FOR UNEMPLOYED MINERS

On the orders of the day:

Mr. G. R. McWilliam (Northumberland-Miramichi): I wish to address a question to the Minister of Labour. Has the minister considered, and reached a decision on, the matter of extending unemployment insurance benefits for unemployed miners in Nova Scotia?

Hon. Michael Starr (Minister of Labour): The only indication of anything of this nature from Nova Scotia was a few weeks ago, when I received notification that certain miners were laid off for two days because of a breakdown. Of course those who were eligible under the act received unemployment insurance.

Inquiries of the Ministry

NORTHLAND NAVIGATION COMPANY

ANNOUNCEMENT OF SETTLEMENT OF STRIKE

On the orders of the day:

Mr. Frank Howard (Skeena): May I direct a question to the Minister of Labour. Is he in a position to confirm the newspaper dispatch in this morning's *Globe and Mail* about a settlement of the strike of Northland Navigation Company Limited? Is he in a position to give any indications as to when the service might be resumed?

Hon. Michael Starr (Minister of Labour): Mr. Speaker, hon. members of the house will be pleased to learn that the dispute which has halted the west coast shipping operations of Northland Navigation Company Limited has been settled. Yesterday evening I was advised by Mr. G. R. Currie of the Vancouver office of my department, who was appointed to mediate the dispute, that representatives of the company and the national association of marine engineers had signed a collective agreement, and that the marine engineers, deck officers and longshoremen were resuming work immediately.

The final meeting at which the settlement was reached was under the chairmanship of Mr. Currie, and throughout the negotiations my officer had the co-operation of representatives of the Canadian Labour Congress, the British Columbia federation of labour and other trade union organizations.

PUBLIC SERVICE

INQUIRY AS TO SALARY INCREASES

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to direct a question to the Minister of Finance arising out of a letter I received just a few moments ago from the letter carriers' association in my constituency. Will the minister inform the house whether the government intends to put into effect an adjustment of the salaries of civil servants in the immediate future, especially in view of the fact that income tax increases came into effect on July 1?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I answered that question in the house some days ago. There has been no change in the situation since.

Mr. Badanai: A supplementary question, Mr. Speaker. Does the government intend to take this matter into consideration in the foreseeable future, if not in the immediate future?

Mr. Fleming (Eglinton): I pointed out, Mr. Speaker, that the Minister of Finance has received a report from the civil service commission, and this matter is under discussion between the civil service commission and the minister. The submission of that report to the minister follows the terms of the statute.

TRADE

TEXTILES—DISCUSSIONS RESPECTING IMPORTS FROM JAPAN

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Trade and Commerce whether he would comment on a Reuters' dispatch of this morning from Tokyo to the effect that the Japanese trade minister announced today that the Canadian government had informed the Japanese government that it could not agree to the Japanese plans for resuming exports of spun rayon made-up goods to Canada shortly.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think probably I am familiar with that matter. It will be recalled that I made an announcement in the house some days ago concerning the decision of the Japanese government to issue no more permits for the time being for export to Canada of certain articles of clothing of spun rayon and similar materials. The matter has been in that position since, and one of the purposes in suspending the issuance of further export permits by the Japanese government was to allow time for discussion between the representatives of the two governments in relation to over-all ceilings and quotas to be applied by the Japanese government to their exports, with a view to assuring that the marketings in Canada would proceed on an orderly basis. It was clear at that time that exports to Canada of articles of this type had gone beyond what could be regarded by any person as orderly. These discussions have been proceeding in the meantime and are still continuing.

Hon. Lionel Chevrier (Laurier): A supplementary question, Mr. Speaker. Is the minister aware that two plants of Canadian Cottons have closed, one in Hamilton and one in Cornwall, putting 2,000 people out of work?

Mr. Fleming (Eglinton): It is a fact that in some lines of the textile industry, because after all the textile industry really is a group of industries, there has been some further decline in production. As against that, there are some lines of domestic textile production that have been rising. I will say this, that this government has done a good deal for the textile industry in all its aspects which, if it

had been done earlier, would have been more effective in helping the industry meet its problems.

Mr. Chevrier: May I ask the minister if he remembers the statements he made in this house and that his supporters made during the campaign, that they would put an end to this stoppage of work in the textile industry?

Mr. Fleming (Eglinton): Mr. Speaker, any resemblance between the words just now ascribed by the hon. member for Laurier to myself or, I am sure, to any other person on this side of the house and the statements that were made is, in the language of the movies, purely coincidental. This is what was said by us when in opposition. We drew the attention of the former government to the increasingly serious plight of the textile industry. We asked that government what it was going to do, and we could never find out.

Mr. Chevrier: You said you would put a stop to it.

Mr. Fleming (Eglinton): Finally they got to the point of referring to the tariff board for examination—

Mr. Speaker: Order. I do not like to interrupt the minister, but I remind him he is going beyond the question, which related purely to something which he said when he was in opposition, and which was a question that was not in order in any event. I should not like to see a debate develop at this stage.

Mr. Fleming (Eglinton): Mr. Speaker, I thought the question was of a very general nature, but if you think the answer I was giving was too broad I shall confine my answer to saying that what members on this side of the house—

Some hon. Members: Order.

Mr. Fleming (Eglinton): —who are now members of the government, said on the occasions referred to by the hon. member in his question, has been carried out fully and is still being carried out fully.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Hon. Paul Martin (Essex East): I rise on a point of order. I point out to Your Honour that you made a ruling and gave a direction to the Minister of Finance, who has set a very bad example for all of us this morning by disregarding that ruling.

Mr. Fleming (Eglinton): Mr. Speaker, you indicated to me—

Mr. Speaker: Is the minister speaking to the point of order?

Mr. Fleming (Eglinton): Yes, Mr. Speaker. You indicated to me that you thought my answer should be more confined. I proceeded to give a more confined answer, and I do not see why my hon. friend should raise a point of order when I am adhering so strictly to the direction of the Chair. As far as giving an example is concerned, I do not flatter myself that I could set an example that the hon. member for Essex East would follow.

Mr. Chevrier: Mr. Speaker, out of deference to you I will abide by your ruling, but I shall reserve discussion of this matter for another occasion.

STATEMENT ON REPORTED REMARKS BY U.S. SECRETARY OF AGRICULTURE

On the orders of the day:

Hon. D. S. Harkness (Minister of Agriculture): Mr. Speaker, on Monday morning last, July 13, the hon. member for Essex East asked me to comment on a press interview given by Mr. Ezra Benson, Secretary of Agriculture for the United States. The Canadian Press dispatch covering this first appeared, to my knowledge, in the Montreal *Star* of Monday evening. I have a copy of that report here, and I was surprised at some of the statements attributed to Mr. Benson in this dispatch. I communicated with him by telephone on Wednesday last in order to find out whether the report was accurate, and to find out exactly what he did say, as well as to discuss matters which were covered in the press dispatch.

Perhaps I had better read what the dispatch says:

> However, he made it clear that he was deeply concerned over what he described as a rather restrictive attitude by the Canadian government in some farm products, particularly turkeys.
>
> American turkey growers were "quite upset" over what amounted to a virtual Canadian embargo on turkey imports, he said. The U.S. now are trying to get Canada to relax curbs and Mr. Benson was hopeful something would be done soon.

On the telephone Mr. Benson said that he had not used the word "embargo" at any time, and did not think he had used the word "upset". What he did say was that he had just returned from Europe, he had told the reporter, and on his return had found some reports from United States turkey growers who were concerned about exports to Canada. I should like to say, Mr. Speaker, that the United States and ourselves have had some discussions on the subject of the turkey import control we have in effect in Canada, and I think that the United States is now reasonably happy with this situation.

In connection with our proposed deficiency payments on hogs the newspaper report

states as follows, and this is as though it were quoting Mr. Benson:

> The U.S. also was concerned over reports that the Canadian government was in the midst of turning its price support on hogs into a system of deficiency payments, covering farmers on their losses but letting them do all their own marketing.
>
> Benson said this deficiency payments system may "greatly stimulate" Canadian hog production and provide a "real threat" to American hog producers competing against Canadian hogs in the American market.
>
> "These Canadian hogs could depress our own markets," he said, adding that the U.S. had a heavy hog surplus of its own. American prices had been falling and the U.S. Agriculture Department had issued "warnings" to producers to limit production.

Mr. Benson told me that these were not his statements but that they were statements of farm organizations in the United States, particularly the American farm bureau, which had made representations to this effect to him; but that he did not make the statements to the reporter and that they should not be attributed to him. I explained to Mr. Benson that our deficiency payment plan, rather than stimulating hog production, would be likely to have the opposite effect and that it was designed to bring production and consumption more into balance in Canada.

The only other matter that was dealt with in this report was in connection with wheat, and the newspaper report ends by quoting Mr. Benson to this effect:

> "I still think that Canadian production is too high," he said.

I pointed out to Mr. Benson that Canadian reduction in acreage was greater than United States reduction, taking any five-year period such as 1935-39 or 1940-45 and comparing it with the last four to five years and that as a result of our reduction in acreage the figure had come down from 28,726,000 acres in 1940 to 20,899,000 acres last year.

I think there is no question but that the Americans are in grave difficulties, as Mr. Benson has said on many occasions, over the amount of wheat that is being produced there. Of course we have had, as everyone knows, a considerable amount of difficulty over the production of wheat in this country. However, I do not think there is any serious difficulty between us in that regard. The report on the meeting which was held in Washington in May, which the Minister of Trade and Commerce made to the house, indicated that with regard to the disposal of these surplus stocks of wheat we are now in a very much better position than has ever been the case as far as consultation and co-ordination of the disposal programs are concerned.

Hon. Paul Martin (Essex East): Will the minister indicate to the house whether, in his telephone conversation with Mr. Benson, he was able to ascertain whether the representations made by the American farm bureau for countervailing duties against Canadian pork products would likely succeed?

Mr. Harkness: Naturally we did not go into that matter, but I think there would be no reason for any countervailing duties. Therefore I do not anticipate that any will be put into effect.

AIRPORTS

SHERBROOKE, QUE.—STATEMENT ON CONSTRUCTION OF RUNWAY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Transport. It is a fact that the government has decided to build one 5,000 foot runway for the Sherbrooke airport, when the plans made by the former government provided for two runways 6,000 feet long?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, the hon. member is partly right. I explained the plans to a very large, serious and constructively-minded delegation that met with me in my office yesterday, together with six members of parliament from the surrounding area. I told them that present plans call for one 5,000-foot runway, but that the department is making a submission to treasury board recommending that the runway be extended to 6,000 feet. I am very hopeful that treasury board will pass that recommendation.

Regarding the matter of the former government's promise to build two runways, I explained to the delegation that it is the policy of this government when we build our airports to build one runway at a time, and as soon as it is demonstrated that one runway will be inadequate to handle the traffic which offers at the airport, then we are only too glad to build a second runway. This delegation agreed this was a very sensible point of view and method of procedure. I have assured them that just as soon as it is indicated that this one runway will not handle the traffic that offers at the airport, we will be very glad to build a second runway.

I was interested also to learn in studying this matter that the promise made by the former government to build two runways at this airport was made just prior to the 1957 election, when the former government were making lavish promises in an attempt to avert the landslide which eventually overtook them.

Mr. Speaker: Order. There seems to me to be a tendency to go into debate that properly should take place on the estimates. If members wish to get on with the estimates they had better observe the appropriate procedure at this stage.

Mr. Chevrier: I was looking for a little clarification but the minister's answer, while it clarifies certain things, was highly political in nature.

THREE RIVERS, QUE.—STATEMENT ON CONSTRUCTION OF RUNWAY

On the orders of the day:

Hon. Lionel Chevrier (Laurier): May I direct another question to the minister on another matter. Following an announcement on the French television network on Wednesday evening that the government has decided to build an airport at Three Rivers, will the minister tell the house the nature of the airport that is to be built, whether plans and specifications are ready and when it will be completed?

Hon. George H. Hees (Minister of Transport): Yes, Mr. Speaker. The plans are for one 6,000-foot runway. We expect to call for tenders for the construction of that runway in the very near future, and hope to complete it next year.

COMBINES INVESTIGATION ACT

PACIFIC PRESS LIMITED—INQUIRY AS TO STATUS OF INVESTIGATION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Justice. I hope notice of it reached him in sufficient time. Can the minister inform the house as to the progress of the investigation by the combines investigation branch into the operations of Pacific Press Limited in Vancouver?

Hon. E. D. Fulton (Minister of Justice): I appreciate the hon. gentleman's courtesy in giving me notice of this question. In answer I can only say that the matter is still under inquiry. I refer him to the answer I gave on April 30 of this year, which appears at page 3183 of *Hansard*, in which I said that I was not in a position to give the house any information regarding the state of the investigation except that I had not yet received any report from the restrictive trade practices commission, but that if and when I received such a report it would be published, as required by the act, in the usual way.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

STATEMENT AS TO CO-OPERATION BETWEEN CANADIAN AND UNITED KINGDOM POLICE

On the orders of the day:

Hon. E. D. Fulton (Minister of Justice): Yesterday the hon. member for Ottawa West, as reported at page 6101 of *Hansard*, inquired why the R.C.M.P. did not send relevant information regarding a person about whom the United Kingdom authorities had made inquiries by cable or wire photo instead of by air mail.

I have made inquiries of the R.C.M.P., and I am advised by them as follows. After receiving a cable from the United Kingdom authories giving them four different names and asking for whatever assistance the R.C.M.P. could supply, the R.C.M.P. supplied the name of Podola as a possible suspect and advised London immediately by cable of a description of this man. On the same day a copy of Podola's fingerprints and a photograph were forwarded by air mail. The authorities of the R.C.M.P. point out that, as can be readily understood, one cannot always depend upon a photograph transmitted by wire to be sufficiently good for police identification in a case such as this, as it cannot be guaranteed that a picture transmitted in such a manner will be free of distortion. For this reason the R.C.M.P. followed their usual practice in forwarding the picture and fingerprints by air mail.

INDUSTRY

FORD MOTOR COMPANY OF CANADA—REPORTED PURCHASE OF CONTROL BY U.S. COMPANY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): In view of his well known interest in this matter may I ask the Minister of Trade and Commerce whether he has any comment to make on the report that the Ford Motor Company has now obtained control of the Ford Motor Company of Canada through stock purchase?

Hon. Gordon Churchill (Minister of Trade and Commerce): I have not seen that report as yet, but I will look into it.

CANADIAN NATIONAL RAILWAYS

QUEBEC—INQUIRY AS TO LAY-OFFS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I wish to direct a question to the Minister of Transport. Is the minister aware that some 140 employees of the C.N.R. have been laid off

at the shops in Quebec, Charny and Chicoutimi during the last 12 months, and that employees with as much as 39 years of service were among them?

Has he taken cognizance of an undertaking which he gave last year that these employees who had lost their jobs would be taken back, which commitment was communicated to the employees by the Conservative members of parliament of the area in a letter dated June 18, 1958.

Hon. George H. Hees (Minister of Transport): I will be glad to look into the matter.

FISHERIES

SALT COD—STATEMENT ON CANCELLATION OF CULLING REGULATIONS

On the orders of the day:

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, yesterday the hon. member for Trinity-Conception asked me a question relative to the regulations governing the culling of salted cod fish in Newfoundland. In reply to the hon. member's question I said that as I understood the question the culling of salted cod in Newfoundland was the responsibility of the provincial government, but that I would make a further reply later.

The situation, Mr. Speaker, is that cullers or graders of salted cod in Newfoundland are employees of the buyers of the product. Under the Newfoundland culling regulations originally promulgated by the commission of government, cullers are licensed. The system had been carried on by the federal Department of Fisheries following union, but the Department of Fisheries had no real supervision over their activities in the culling of salted cod.

During the past number of years the department has been concerned about the legality of its functions relative to the culling regulations. Accordingly, in consultation with the provincial government authorities it was established that the legal responsibility for enforcement of the Newfoundland culling regulations belonged to the province.

The federal department therefore is unable to assume further responsibility with respect to the Newfoundland culling regulations. The federal Department of Fisheries is, of course, continuing its responsibilities with respect to the inspection for export of Newfoundland salted cod, and has no intention of withdrawing from this legal responsibility. In the case of the first culling or grading, however, this is a matter between seller and buyer and comes, as I have said, within the authority of the province.

The provincial authorities asked the federal Department of Fisheries recently if we would administer the culling regulations on their behalf. After careful examination the provincial authorities were informed that to enforce the regulations properly and legally would require a large staff, and with the present organization of the federal Department of Fisheries in Newfoundland we could not undertake to administer the culling regulations on behalf of the province and at the same time carry out our responsibilities for the inspection and grading of salted cod for export.

HOUSE OF COMMONS

MR. MARTIN, ESSEX EAST—CLARIFICATION OF REMARK IN DEBATE ON JULY 16

Hon. Paul Martin (Essex East): Mr. Speaker, I am grateful to the hon. member for York South, who has pointed out that last night I referred to the provincial treasurer in Ontario as one who came from northern Ontario, and did not properly identify him as coming from the constituency in which is situated the town of Dunnville. In fairness to the provincial treasurer I want to make that clear.

TRANSPORT

ALLEGED REFUSAL TO CO-OPERATE IN SUPPLYING WEATHER DATA

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder if I could ask the Minister of Transport if he intends to "stop trampling on crops and gardens"?

Hon. George H. Hees (Minister of Transport): I have never started trampling on crops and gardens.

Mr. Pickersgill: Has the minister's attention not been drawn to an editorial in the Calgary *Albertan* of Wednesday, July 15 entitled "Hees Tramples on Crops and Gardens"? I will send it to the minister.

Mr. Hees: I have seen it. I have had a great deal of correspondance with the editor of that paper and explained in detail the stand taken by the department on this matter which I consider to be very fair. But in this democracy, thank heaven, there can always be a difference of opinion, and one exists in this particular case.

(Translation):

NATIONAL DEFENCE

CONTROL OF TRAFFIC ENTERING LAFONTAINE PARK, MONTREAL

On the orders of the day:

Mr. J. G. Ratelle (Lafontaine): Mr. Speaker, I wish to direct a question to the Minister of National Defence. I gave him notice of it

on the 15th instant. I should like to know why no signs have been posted around Lafontaine park, between Gauthier, Sherbrooke, Papineau and Marquette streets, stating that entrance may be restricted or prohibited in accordance with regulations governing national defence property.

Ever since June 3, Mr. Speaker, I have been trying to get that information from all departments; but I now find that I have to inquire from the Minister of National Defence.

Hon. Leon Balcer (Solicitor General): I shall take the question as a notice.

Mr. Ratelle: Could the minister supply me with full information about this before the end of the current session?

Mr. Balcer: I shall do my best, Mr. Speaker.

(Text):

RESEARCH

GREAT LAKES—REPORTED REFUSAL OF FEDERAL GRANTS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I do not know whether this question should be directed to the Minister of Transport, the Minister of National Defence or someone else. Could any minister tell me the circumstances in which it is alleged that research grants to support the great lakes research vessel, *Port Dauphine,* have been turned down by Ottawa?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker.

SUPPLY

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

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Administration services—

186. Departmental administration, $697,289.

(Translation):

Mr. Dumas: Does the minister intend to make a statement, even a short one?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Chairman, I should like at this time, before we proceed with consideration of the estimates of my department, to make a few remarks, first in relation to the department itself and to matters bearing on its services to industry, and second in relation to our mineral industry.

By now all hon. members have had an opportunity to peruse the minutes of proceedings and evidence of the standing committee on mines, forests and waters in connection with our estimates for the current fiscal year. *Votes and Proceedings* No. 87 of May 26 last contains the standing committee's summing up of the evidence they heard and their conclusions and recommendations.

It is not my intention to quote at length from this report but I should like to direct attention in particular to a paragraph which appears under its general section. This paragraph reads, and I quote:

> "In almost all fields of national scientific endeavour, this department should have led and should lead the way . . . Both the people and those responsible for policy in Canada have been slow to realize the urgent need for expenditure and leadership in this field. The Department of Mines and Technical Surveys, your committee insists, must be recognized as a vitally important one, not one of inferior significance. The scientific function of the department cannot any longer be circumscribed by caution, hesitancy and lack of support. It is imperative that all branches of the department embark on an accelerated program of expansion, and planning for expansion; and that the provision of the needed money, staff and facilities be an immediate consideration of the government."

(Text):

May I also quote the last paragraph of the general section which reads:

> Geography forces Canada to take a leading part in any northern matter, whether civil or military. This is an obligation which we cannot evade, but which we cannot fufil effectively without adequate research. For the effective development of the north a major expansion of research is essential. Without thorough and continuing research any development in the north is certain to be much more costly and may easily be misdirected.

I may state at this point that I am very pleased with the interest the members of the standing committee have shown in the activities of our department. It is abundantly clear from the tabled report from which I have just quoted that they put much time and earnest thought into the drafting of their conclusions. It is clear also that in its tasks in hand and possibly more so in those that lie ahead, my department has and will have an integral part to play in keeping Canada to the forefront in those important fields of science and engineering that bear particularly on resources development.

The standing committee places the greatest importance on the need for the activities in which the department is engaged. This need, it states in effect, is becoming so great and in some respects so urgent as to call for a major expansion of staff and facilities to cope with the requirements.

In the evidence we gave to the standing committee we stated that over the next five years we shall need an additional staff of 1,440 including 305 seasonal employees to handle our assignments. We now have a staff of 3,785 including seasonals; thus the increase would bring the total up to 5,225 by the end of five years. By far the largest increase would be in our surveys and mapping branch, that for the Canadian hydrographic service alone being 490 continuing and 40 seasonal employees. The geological survey of Canada would be next with an estimated increase of 200 continuing and 175 seasonal employees. Our estimate of the additional staff that will be required is strongly endorsed by the standing committee; in fact they have recommended even larger increases in some cases, and most of these projections, I may state, seem more likely to be subject to upward rather than downward revision.

In a rapidly expanding economy such as we have in Canada the need for research is going to increase, and at an accelerated rate, according to present indications. As we look back over the 14 years that have passed since the war we marvel at the growth of the Canadian economy; yet if I were given to the use of trite expressions I would say, "We haven't seen anything yet". This, translated into more decorous phraseology, means that so far we have had little more than a glimpse of our growth potential.

(Translation):

Some of the major new projects we are undertaking this year will bear out what I have said concerning the role we have to play. Quite apart from their importance in other respects, they point up the urgency of much of our efforts—urgency in the sense that they are being undertaken to keep ahead of the requirements of industry or other urgent national demands and with the attention other countries are giving to scientific investigations.

One such project is the work we are undertaking on our polar continental shelf, which this year is simply exploratory to obtain an idea of the general character of the shelf, the equipment needed for such a project and the best type of transportation. Even though it is exploratory in character, it has already provided us with information that has caused us to revise our concepts of the area. The work to date appears to confirm the potentialities of the area as a source of petroleum, and further investigation will be aimed, in part, to determine whether these favourable conditions extend out over the shelf.

[Mr. Comtois.]

Another recent project is the construction, now well advanced, at Penticton, British Columbia, of a radio telescope 84 feet in diameter, which we expect will be ready for testing this coming September and for continuous operation in November. In exploring outer space, the radio telescope has the same advantage over the optical telescope as radar has over optical vision in a fog. Many of the most significant objects in outer space are forever concealed from us by clouds of dust that the eye and the photographic telescope cannot penetrate. These can be revealed to us by the radio telescope just as definitely as the radar-scope of a naval vessel can detect the approach of a friendly or hostile craft on a foggy night.

We are planning to locate a research establishment in the Bedford Basin near Halifax, where we shall conduct studies into physical oceanography and submarine geology. These subjects have been long neglected. Knowledge of the oceans adjacent to our coasts and of the geology of the continental shelves is needed to develop our resources properly and to furnish information needed for continental defence.

In northwestern Ontario, we are making a start this year on a project that is designed, in part, to provide information that is needed in connection with the government's Ontario portion of the roads to resources program. The 60,000-square-mile region concerned lies roughly between longitudes 86° and 94° and latitudes 50½° and 53°. Comparatively little is known of the resource potential of much of the region, and this information is needed in order to decide on the best locations for the roads. To this end, we are making a pilot geological survey this year in the Trout lake portion of the region to acquire information that we will need for much more extensive geological operations in 1960 and 1961. The results of these operations will provide the information needed in deciding on suitable locations for the roads. An airborne magnetometer survey of the region is now underway, the results of which will be used as an aid in the geological mapping. The Ontario government will bear most of the cost of this survey and the federal government the remainder, and, in addition, the cost of all the geological work.

We are also undertaking two quite sizeable geological projects in the Northwest Territories and one in Yukon. One of these is

a geological reconnaissance of Banks and Victoria islands; the other in the Northwest Territories is a reconnaissance of a large area lying mainly west and south of Coppermine in a project we have named Operation Coppermine. In the Yukon project, we are commencing work this year in Operation Pelly, which is a reconnaissance of the southeastern portion of the territory.

I should explain here that in our geological work we have been giving top priority to reconnaissance projects since 1952, and we have already covered a total area of approximately half a million square miles, mainly in Northwest Territories and British Columbia. This is exclusive of the work in hand this year. The decision to give such projects top priority was mainly in an endeavour to complete the reconnaissance mapping of Canada in the foreseeable future and to keep abreast of the requirements of industry. A very important side aim of the work has been to develop low cost and efficient methods of mapping the areas concerned. By the use of helicopters and supporting fixed-wing aircraft, we have been able to cover as much ground in one season on these projects as would have required 20 to 25 years by the former methods and at a much lower cost.

In furtherance of our endeavours to reduce the cost and increase the efficiency, we made a test last year of the use of Piper Super Cub planes, equipped with wheels designed for landing on unprepared terrain. The tests proved so successful that the planes will be put to more extensive use this year on our geological reconnaissance of Banks and Victoria islands. The geologists will be able to make their observations from the planes and to land within easy walking distances of the places where samples or detailed observations are needed. We now have some reason to believe that, where this specially equipped plane can be used, the work can be done much more cheaply and efficiently than by use of the helicopter.

As the hon. members are probably aware, Mr. Chairman, my department has been given considerable attention to land-use mapping. The importance of such work in a rapidly growing country like Canada need not be stressed. The projects are being carried out in co-operation with the provinces concerned, our work this year being in Ontario, Saskatchewan, and British Columbia. In another project, our geographical branch is working with the Department of Northern Affairs and National Resources on several resources surveys connected with that department's services to the Eskimos. The work this year is in the Mackenzie river delta and in the Great Whale river area on the east coast of Hudson bay.

In the field of metallurgical research, we have undertaken work recently on several interesting projects. One of these affords a typical example of our aid to industry.

It concerns the recent announcement by the Consolidated Mining and Smelting Company of Canada Limited of its plans to proceed with the construction of an electric smelter for the production of pig iron. This is part of a long-range plan to set up an integrated steel industry in western Canada. The company has been accumulating large tonnages of iron oxide as a by-product from its roasting operations. For years it was felt that the impurities in the oxide would be harmful to steel made from it. Research in our laboratories showed that a satisfactory steel meeting all the requirements for structural steel could, in fact, be produced and the company was thus in a position to proceed with the project.

In quite a separate project, we have commenced basic research on nickel-alloy systems in order to increase our knowledge of these types of alloys which are essential to the efficient design of missile components and also of modern thermo power plants.

(Text):

In reference to these and other research projects in the mines branch I should like to direct your attention to certain of the conclusions reached by the standing committee on mines, forests and waters, and I quote:

> The research in this branch should be concentrated on the long range projects. The many and varied problems requiring immediate research should not continue to engage 90 per cent, as it does now, of the resources of this branch. This "first-aid" research should be assumed by private industry. This would free branch resources to deal with such important problems, requiring much research, as developing new alloys to meet the needs, for instance, of supersonic flight, extraction of heavy oils (tar sands) etc.

Speaking at the annual convention of the prospectors and developers association in Toronto on March 3 last Dr. van Steenburgh, our director general of scientific services, stated:

> If a change of emphasis is made—

From applied to basic research, that is.

—it will mean that industry will need to either undertake more of its own applied research or to have it done by provincial research councils or by private research organizations. What is needed is a strengthening of the provincial research councils; that and the establishment of a few research institutes similar in nature to those organized in the United States.

Quoting further from his remarks, he stated:

—to do this would require sizeable funds to provide the initial buildings and equipment. In the United States, memorial bequests from wealthy patrons have been largely instrumental in solving the problem. In other countries it is being solved by co-operative arrangements between government and industry, a policy similar in some respects to that followed in establishing the provincial research councils.

Actually the choice seems to be between doing more and more basic and long term research at the government level and in the universities, or allowing Canada to lag in these fields of research to a dangerous degree. And here I should explain that I am not thinking simply in terms of research as it relates to the activities of my department, but of research in general.

We cannot, of course, allow our basic and long term research to lag to a dangerous degree. That, as I am sure hon. members will agree, could prove to be costly indeed, and not in terms of money alone. The only alternative appears to be for a much greater concentration of effort on basic and long term research at the government level. The question is, how can this be brought about?

Excellent research is being done by some of the large mining companies in Canada, but this is far from enough. To me the answer, in part at least, is for industry to give serious thought to the establishment of a research organization similar, for instance, to the Battelle institute in the United States. My suggestion is that industry provide the funds to establish such institutions, and perhaps also to finance the initial stages of their operations. The funds could be provided in different ways; possibly, for instance, in the form of contributions by individual companies or through such organizations as the Canadian metal mining association or the prospectors and developers association. If industry were to take such action it is possible that the federal government, with the consent of parliament, would be willing to either match the contributions from industry or at least contribute substantially to the establishment of such research institutions.

In so far as my own department is concerned, Mr. Chairman, their establishment, coupled with any enlargement of the facilities of the provincial research councils, would mean that we could devote a much greater proportion of our effort to basic and long term research, say 60 to 70 per cent of it or more. It would not mean, nor indeed would it be desirable, that we would discontinue research on problems of immediate interest to industry. Continuity of effort is an essential factor in work on these problems, and there could be no guarantee of such continuity in a research institute concerned not only with investigations bearing on mineral development but with the whole broad field of industrial research. Besides, much of our work is of benefit chiefly to small enterprises that are unable to finance or undertake their own research, and it is in the interests of the country as a whole that our facilities be used to aid them. It is important also that we continue our work on problems that are of concern to industry as a whole or to major segments of it. An example of this is the work of our mines branch on the economic processing of low grade ores. Usually the results of such work are of benefit to a number of companies rather than to a single company.

However, there are many time-consuming tests and investigations and numerous research problems that I am sure could be handled efficiently by organizations like the research institutes I have suggested should be established. We would then be free to devote a much greater proportion of our time to basic and long term research, and at the same time maintain the essential services to industry.

Turning now to our mineral industry, let us take a brief look at the status of the industry today in the Canadian economy and at the prospects it has in store. First, Mr. Chairman, I should like to draw your attention to the almost meteoric growth of our mineral industry during these post-war years. We are all aware that the industry has recorded remarkable expansion, but I venture to say that few of us realize that it has outstripped even the Canadian economy in rate of growth.

In its recent report the standing committee on mines, forests and waters drew attention to this fact. It pointed out that between 1947 and 1957 the index of physical volume of mineral production increased by 173 per cent while that of industry as a whole increased by 51 per cent.

We can gain an even better picture by using as our yardstick our gross national product at market prices. In 1946 it stood at $12 billion. By 1957 it has soared to $30 billion, an increase of 150 per cent.

At the same time the value of our mineral production quadrupled from $500 million to $2 billion, an increase of 300 per cent. And

even more astonishing is the fact, Mr. Chairman, that not only has the mineral industry outstripped the Canadian economy in rate of growth but, with the exception of construction, it has recorded a relative growth greater than that of any of Canada's other productive industries, including manufacturing, agriculture and lumbering.

Let me pause to illustrate this. Using 1946 as a base, we find that construction heads the list with a remarkable increase of 800 per cent. The mineral industry is second with a 320 per cent increase. Manufacturing, by far the greatest in volume, shows a rate of expansion of 177 per cent, and agriculture increased only 10 per cent.

Last year the mineral industry suffered its first setback since the close of world war II, but even at that the value of our mineral production at $2.1 billion was only 3 per cent below the all-time record of the preceding year. Our mineral industry is, as hon. members know, a major world supplier of metals and minerals and, as such, it felt the full impact of the weakening of world mineral markets and the twin evils of overproduction and price declines. Consequently the value of output of our principal base metals, copper, nickel, lead and zinc, as well as of iron ore, asbestos and crude petroleum, declined sharply.

Contributing to this setback were the discontinuation of the stockpiling program in the United States and the subsequent release of additional supplies of metals for industrial use; the imposition by that country of import quotas on lead and zinc, and of voluntary, followed by mandatory import restrictions on crude oil entering the mid-continent and western United States. These restrictions on oil, as you know, have since been lifted.

Over and above these difficulties, our mineral industry has faced increasing competition for world markets from Russia, particularly in asbestos, which is our chief industrial mineral. Partly as a result of this competition, our output of asbestos dropped off 10 per cent last year from the all-time high of over a million tons recorded in 1957.

You can readily see then, Mr. Chairman, that the over-all situation has not been conducive to the expenditure of large sums of money on exploration. Consequently in the past year or so there has been less activity in diamond drilling, less geophysical work, fewer claims staked, and less surface prospecting than in many a year. Lately, however, the picture has brightened. The general industrial pick-up, particularly in the United States, has already had a stimulating effect on the mining industry. Demand is strengthening, prices are improving and a general feeling of optimism pervades the industry.

A development of great significance to the industry and to the whole Canadian economy is the increasing trend toward the processing of ores and their products here in Canada. This is seen in recent company announcements which include the proposed construction of a $20 million to $25 million nickel refinery in northern Manitoba and an iron smelter at Kimberley, British Columbia. The construction of the iron smelter is the first stage in a $20 million project planned to produce pig iron, steel ingots, and rolled steel products to serve the rapidly growing markets of our western provinces. Industry is also considering again the construction of a zinc refinery in eastern Canada. At present we are shipping the zinc concentrates that we produce in eastern Canada to the United States and to European countries for refining, but mostly to the central and northeastern states.

Looking ahead, the prospects for our mineral industry are good. The effect of the general industrial pick-up, which has already made itself felt on the industry, gives every indication of continuing. Unemployment has dropped. Construction activity is reaching new levels, and markets show signs of continuing to strengthen. Moreover, populations round the world continue to grow, steadily increasing the potential consumption of metals.

(Translation):

That we in Canada possess huge mineral resources is well known. On the more immediate mineral horizon, we have several good prospects. These are, for instance, the rich copper and zinc deposits which have come to light in the Mattagami-Frotet lake area of western Quebec; the largely undeveloped copper and gold Chibougamau area; the great reserves of iron ore in Quebec and in Ontario, especially, either under development or awaiting development; and the extensive lead-zinc deposits of northeastern New Brunswick and at Pine Point in Northwest Territories.

These are only a few. Consider, too, the great unexplored areas of our northland where a handful of discoveries has even now indicated the richness of resources there, awaiting exploration and development.

Truly, we in Canada, have the wealth and the opportunities. It is up to us to make the most of both.

(Text):

I am certain, Mr. Chairman, the hon. members will agree that my department has a vital role to play in the development of this wealth and in providing these opportunities. I am, therefore, confident that the committee will see fit to approve the $4,511,783 increase

we are requesting for 1959-60, over the amount of $32,560,842 that we asked for in 1958-59.

(Translation):

Mr. Dumas: Mr. Chairman, the estimates of the Department of Mines and Technical Surveys for this fiscal year were given a searching consideration at the standing committee of mines, forests and waters. Thirteen sittings of the committee were devoted to the study of this department's estimates. The directors of the various divisions of the department as well as the officials of the dominion coal board graciously answered the questions put to them by the members of the committee and they provided us with a lot of most useful information.

In our inquiries into all the items under this department we were able to appreciate that it is one of the best organized departments and that its staff is most competent. And at this time I would like to congratulate warmly all the directors, their assistants, their help, in short all those who belong to the Department of Mines and Technical Surveys for the good work they are performing in the interest of the increasing development of our natural resources.

Since we have already devoted quite a long time to the consideration of these estimates in the standing committee of mines, forests and waters, and in view also of the fact that we have obtained in that committee all the information required, I assume that this committee does not intend to review each item in all its details. As far as I am concerned, I intend to be as brief as possible. My remarks will be along the line followed by the minister, that is to say I intend to speak firstly about the report which was tabled in the house on May 26 last, and then I would like to say a few words about the mining industry itself and point out, as did the minister, the problems and difficulties prevailing in this industry at the present time.

Mr. Chairman, while the report from the committee includes perhaps a few comments which might seem a little too strong, it contains many useful recommendations, and I feel that they will meet with the approval of all hon. members who sat on that committee. I was delighted to hear the minister say this morning that most of those recommendations would be carried out. Personally, I support most of them for I have always urged that something be done to step up the work of the department, and that it be voted all the funds it requires.

[Mr. Comtois.]

The Department of Mines and Technical Surveys, with its present branches, was set up in the late fall of 1949 and put in operation some weeks later, on the 18th of January 1950, to be exact.

It has kept growing ever since. Each year it has taken on more staff and its budget allotment has increased considerably. In fact its net total estimated expenditure for the current fiscal year runs over $48 million.

Mr. Chairman, as a result, first, of mining activities in areas of known economic importance, especially since world war II, second, of the increased development rate of mineral resources throughout the country, especially during the period 1950 to 1958, and finally, of expanded prospecting and exploration in the northern regions of the provinces and in the territories, the Department of Mines and Technical Surveys has had so much to do that, while it provided for all the immediate needs of industry, it found it practically impossible to spearhead development in all fields and throughout the country.

If we want to step up the economic development of Canadian mineral ressources and to provide more efficient services to the mining industry, we shall clearly have to attach more and more importance to the Department of Mines and Technical Surveys.

For that purpose, the report of the committee on mines, forests and waters includes several useful recommendations which, in my opinion, the government should not fail to act upon.

Thus, it is obvious that the department should take on more staff. From 1950 to 1959, the number of employees rose from 1725 to 3761, or rather 3785, as the minister indicated this morning; that represents an increase of 118 per cent in ten years, or an average annual increase of 11.8 per cent. Considering the amount of work to be done, and if we want the department at least to maintain the high standards of efficiency it has reached in the last decade, the committee's recommendation that the number of employees be increased from 3761 or 3885 to 5200, in the next five years, is certainly not unrealistic, for it represents an annual increase of only 7.6 per cent.

But increased staff also means increased expenditures and, there again, I repeat—if the government wishes to follow up that recommendation of the committee, and I believe it is bound to do so—it will have to agree to substantially higher appropriations.

I said a moment ago that the department's total estimated expenditures for this year were about $48 million. If we deduct the amounts earmarked for gold mining assistance under the act, and those provided under various items for the dominion coal board, total expenditures, which reached $11 million in 1950, have now reached $24.5 million, i.e. an increase of 123 per cent in the last ten years. This is an average yearly increase of 12.3 per cent. I imagine that if the committee's recommendations are followed up, the department's total estimates will reach at least $60 million in 1964.

Another important recommendation contained in the report of the committee deals with research activity. On that point again I was very happy to hear, or rather to notice this morning, that a good part of the minister's statement dealt with research undertaken by his department and told us of his intention to introduce a bill which might meet the approval of all concerned.

The mines branch of the department was established in 1907 under the Geology and Mines Act. It was meant as a research organization, and indeed, since its establishment, it has kept dealing especially with technical and scientific studies more particularly related to the development and the efficient and economic use of our considerable mineral resources. Those are the terms of reference of this branch, as defined in the report of the department for the year 1957.

According to the evidence given by high officials of the mines branch, it is essential that basic research take a more prominent place in Canada's mining industry. We were told that specialized research with regard to the treatment of complex ore were to be intensified, as such research would be of benefit to the country five or ten years hence. Lastly, we were told that the need or necessity of basic research was conditioned by several factors. There was reference, among other things, to the requirements of up-to-date development methods which make for increased production and better quality, and of the ever growing mining of low-grade, complex or refractory ore, etc.

It was as a result of this evidence that the committee recommended that the mines branch research should concentrate on long term development, that preliminary research be made by private industry and, finally, that private industry should take on a substantial share of the research now carried out by the mines branch.

In theory, Mr. Chairman, those recommendations may seem logical but, to my mind, in practice they are not. It is true that some Canadian mining concerns may conduct research work to satisfy the greater part of their needs; the fact remains that most Canadian mining companies simply cannot undertake large scale research. In the first place, they lack the necessary funds and, more important, they lack and are unable to obtain a competent staff to conduct this work.

I think that the solution suggested this morning by the hon. minister should be seriously considered. I for my part, think his proposal is logical and I am sure that, if it were put into practice, the research division of his department and private companies, might be satisfied because the Canadian mining industry is aware of existing conditions, and intends to co-operate as far as possible with the Department of Mines and Technical Surveys. This has been clearly established in the committee by the branch director, Dr. Convey, when he was giving evidence, and I hope the committee will bear with me if I quote some of the information that Dr. Convey has been kind enough to give us and which can be found on page 296 of the English text, no. 12. This is what Dr. Convey said:

> I will say this, that over the past 10 years Canadian industry has attempted to do some of their own research, but they seem to reach a stage in which they lack the personnel they are wanting, and the facilities, and that is when we come into co-operation with them. However, there are quite a few firms who are attempting to solve a lot of their own problems.

And Dr. Convey went on to say as follows:

> Once we undertake a problem the company becomes more interested, and eventually what happens is that they go back home and do a lot of their own homework; and we co-ordinate this program in such a fashion that we literally demand that they become more than a sleeping participant.

Mr. Chairman, let the staff of this division be increased, let the division recruit the scientists and technicians it may require, and here I am referring to the mines division of the Department of Mines and Technical Surveys, let it get the necessary equipment, let it have the necessary sampling plants and laboratories. That is basic, and I am all for it.

However it is definitely necessary that this division keep co-operating with industry and help industry solve the many and various

problems which call for immediate research. Of course, Mr. Chairman, we must encourage private industry by every means possible to undertake a much greater share of preliminary research here in Canada.

Personally, I would be very happy if the department, in co-operation with mining companies, were to set up a laboratory such as the one operated in the United States, by the Battelle research institution, which the minister has mentioned. In my view, this would be a great step forward. However, it is imperative that in the meantime, the mines branch should go on supplying all the data that most of our mining companies cannot get for themselves. If we want our industry to keep expanding, it is essential that the department give continued help to mining companies.

At this point, I should like to put on the record the remarks, made by Dr. Convey at a meeting of the standing committee on mines, forests and waters, about research and the possibility of setting the pace. Here is what Dr. Convey said, as recorded on page 298 of the minutes of proceedings and evidence of the standing committee on mines, forests and waters, and I quote:

> Through our efforts, we hope to stimulate our own industry to look after themselves, and our hope is that we can look to the day when we in the government laboratories can attend to those long-term research propositions which will be of benefit to the whole industry, and not to a particular part of industry.

I fully agree with these remarks of Dr. Convey. A little farther down, he added:

> I have no doubt in my mind that if we can set the pace, industry will follow along.

Mr. Chairman, about this matter of giving leadership, I strongly urge the minister to carry out the recommendation put forward by the mines branch to the effect that an annual grant be established under his department, to encourage some bright university graduates—and here I am quoting the exact words used by Dr. Convey in the committee on mines, forests and waters:

> —in order to try and encourage, at least in one field, some bright university graduates to enter the field of mining research.

Mr. Chairman, summing up my remarks concerning the report that was published following the discussions in the standing committee on mines, forests and waters, may I point out that I am in full agreement with those who hope the department will play a leading role in the development of our natural resources. If the Department of Mines and Technical Surveys is to retain the prestige it has acquired since it came into being, the government will of course have to give serious consideration to the provision of necessary funds, as well as of staff and facilities.

While the mining industry has developed tremendously since world war II—and I do not propose to go over the history of the development of that industry since then, because that I am sure that the minister has given a true and satisfactory summary this morning—mining is now facing certain difficulties. I do not want to magnify those difficulties, as I don't want to be pessimistic. I am rather optimistic as far as that industry is concerned. However, mining naturally feels the effects of the present slowdown in all branches of the Canadian economy. Metal prices have deteriorated, there has been overproduction, our friends to the south have clamped export restrictions on us, the industry is feeling the effects of inflation, and the rate of the exchange of the Canadian dollar is much too high, I believe.

In 1958 for the first time in many years, the total value of mineral production in Canada has declined. By the end of 1957, and at the beginning of 1958, prices of certain metals like copper, zinc and lead took such a drop that we wondered for a time, and rightly so, whether many mines would not be forced to close down. In fact, there has been a rather marked slow-down in development, prospecting and exploration.

The average price of copper in 1958 was 25.7 cents a pound, 13 per cent less than in 1957. Quite recently—and we are quite happy about it—the average price reached 31.5 cents a pound, but unfortunately, those last few weeks, it has dropped again to about 30 cents a pound. I hope we can look forward to the time when it will be possible to get a firm price for that metal, as well as for the others.

Prices of lead and zinc are low, and it is quite possible that they will stay low for quite a while yet.

Another very important problem with which the industry is now faced—the minister dealt with the matter a few moments ago—is that of American stockpiling of strategic metals. The possible liquidation even of a small part of those stocks, is a continuing

threat to the industry. Let us hope that the United States government will transfer those reserves to stockpiles already considered as national reserves, and will give us the assurance that those reserves will not be marketed, except in case of extreme urgency.

It is probably the marketing of certain quantities, however small, of those stocks of strategic metals, which is causing fluctuations on the copper market. The price of copper is up one day and down the next. I hope that this matter will be settled once and for all, for the benefit of the industry.

The mining industry, in common with our whole economy, feels the continued inflationary pressures, which are a serious danger to them. Competition for world markets is keener than it ever was. As I mentioned on a previous occasion several ore-producing countries where wages and production costs are often merely a fraction of those in Canada, are developing their own resources at a great pace.

Again, Mr. Chairman—and it would be well to consider this—we must always remember that the Canadian mining industry depends on our export trade, and that our mineral resources are an asset only to the extent that they are developed, produced and marketed. Otherwise, they are only worthless rock. This self-evident truth should not be ignored.

Another problem which must never be overlooked is that of uranium. I do not intend to dwell on this subject, since it was dealt with yesterday, and I believe the Leader of the Opposition (Mr. Pearson) spelled out what has to be done in that regard. I only hope the hon. Minister of Trade and Commerce (Mr. Churchill) will see to it that the Leader of the Opposition's recommendations made in the house yesterday will be followed up.

If the mining industry is now labouring under certain difficulties, as the hon. Minister of Trade and Commerce indicated, I believe future possibilities are rather encouraging.

In the last decade—and that is very interesting—world consumption of metals has increased considerably. In that same period, world consumption of copper, for instance, has increased by a million tons, or 35 per cent. As the standard of living rises in under-developed countries, it will certainly promote increased use of base metals.

Therefore, Canada is bound to get a growing share of the expanding world demand for metals, and Canadian producers can look with confidence to the long term market prospects.

Canadian mining concerns hope and expect to remain the main suppliers of metals of all kinds on the United States market, for generations to come, and in ever increasing volumes.

However, in the meantime, we have some responsibilities. Everything should be done to keep the industry in top condition. Steps should be taken to ensure the highest possible level of employment in the mines, and we must see that Canadian producers are not forced to beneficiate their ore, and thus reduce the life of their mines. This is a most important point. If companies are forced to mine higher grade ores, it could shorten the life of the mines.

We must encourage prospecting and exploration by all possible means. We have the technical know-how and I cannot see why our country could not be at the forefront in that field. It is a branch of our economy which must remain sound and strong.

Mr. Chairman, I have taken quite an interest in the comments that the minister made this morning. His statement, while somewhat long, was genuinely interesting and contained several very practical ideas. Personally, I am interested in mining industry, I want it to keep on growing and, with the help of the Minister of Mines and Technical Surveys, I am sure that we will reach that goal.

(Text):

Mr. Fisher: While I can agree with the previous speaker that the committee on mines, forests and waters went through the estimates of this department very thoroughly, I do not take exactly the same view of the report that either he or the minister has taken.

I certainly do not intend, and I do not think anyone else in our party intends, to go into very much detail, because I think we all appreciate that the review made by the committee was very complete. But I should like to point out that unlike the work done on forestry later, in which the concentration was upon outside witnesses rather than anything else to bring us information, the information we had on the main estimates of

the department came largely from the officials, and I must give those officials credit for being so frank and forthright.

The report presented represents a stunning indictment of government policy and lack of ministerial leadership in the last number of years. I do not know that we can absolve even the present minister. I wish to read what is perhaps the most critical section of the committee report, which refers to the mines branch:

> 83. The information elicited on the mines branch was depressing. The branch does not have the funds for the staff it needs to carry out the work it should do and wants to do.

About ten points are listed concerning the mines branch, which indicate the situation has not been good. There is no use labouring the point. We should watch this department perhaps more closely than any other department of government in the next year or two.

Parliamentary committees have now reviewed most departments of government, and no department to my knowledge was raked over the coals to the extent this department was in terms of not fulfilling the functions it was designed to fulfil. This is a more critical report even than that tabled yesterday on the Canadian Broadcasting Corporation, in some respects, and I hope the minister and his deputy appreciate the seriousness of the criticisms contained therein. You cannot find much flattering in the report about the work the department has done. As I said, the information that led to the criticism came from the officials themselves, which is a great mark in their favour. It is an indication that they know what they would like to do and where they would like to go. It seemed to me to suggest a genuine lack of ministerial leadership.

In the little game that is played in this chamber it is customary for questions of this kind to be tossed back and forth between the government and the opposition, each disclaiming responsibility. I helped prepare the report, and it is clear that most of the responsibility rests with the previous government for letting this department fall behind in the obligations it should have been pursuing.

One recommendation not mentioned by the previous speaker refers to the work of the geographical branch in paragraph 93, referring to land use. A big conservation conference is planned for 1960. If we are going to go in for more and better forestry and land use this branch of the department is going to have to make provision for greater and more detailed surveys.

I am always pleased when I can compliment someone in Ontario, and we have in this province a group very much interested in land use. Last year they held a conference in the Niagara peninsula and went into the whole question of cost benefit studies and land use in this region, where some of the finest agricultural soil in the country is going out of crop production because of industrial expansion. Soil experts, geographers, foresters, engineers and people interested in the natural topography of Canada in its many facets agree that we have to come to grips with this problem. We look forward to this forthcoming conference and hope the department and especially the geographical branch will plan on making a vital contribution to its success. Perhaps later the minister will give us an indication of the contribution that will be made.

I wish now to refer to gold mining assistance. Following remarks I made on this subject last year the *Northern Miner*, a puff sheet well known in the mining trade, which exploits stocks and gives the latest gossip in the trade, severely took me to task for calling into question the integrity of mining companies. They stated that I was completely wrong in my understanding of the situation with respect to gold mining assistance. The paper is entitled to its views, and I mention it only because I propose to bring up the same points now.

Under section 6 (a) of the Emergency Gold Mining Assistance Act inspectors of the department have the right to go and inspect mine workings. Last February 3 the minister filed an answer to questions of mine as reported at page 666 of *Hansard* of that date. The questions were as follows:

> 1. How many times and in what years before 1958 did inspection engineers of the Department of Mines and Technical Surveys use the powers given under the Emergency Gold Mining Assistance Act (R.S. 1952; c. 95) section 6, subsection (a) "to enter upon and examine the mine from which the gold in respect of which the payment is to be made is produced" in so far as the following mines are concerned—

A list then appeared of Ontario mines in receipt of assistance. I continue:

> 2. On any of such kind of inspections were drawings and plans of the workings checked with the actual workings?
>
> 3. If so, on what occasions?

The answers read as follows:

1. An inspection engineer from the Department of Mines and Technical Surveys carried out an annual inspection, under the provisions of section 6 of the Emergency Gold Mining Assistance Act, of the mines listed, for each of the years from 1948 to 1957 inclusive. In general, the inspections did not include an examination of the underground workings.

2. No.

3. Not applicable.

We have been sitting in the broadcasting committee where the Conservative members in particular have expressed themselves as terribly keen on getting at the roots of all these subsidies. We have to make sure the C.B.C. is not wasting our money; we are really going to go into the thing thoroughly. In this instance we are giving millions of dollars to private corporations under federal legislation, and the inspectors of this department do not even bother to examine the underground workings of the mines. They go into the offices, that is all.

This is not a case of my raising questions about the integrity of corporations. If we believe that the spending of public money should be checked to see that we get value for it, then it is up to those inspectors to do something more than just to walk into the mine office. I also understand from the information I received from the department that these inspectors are on the property for maybe half a day; they just visit around.

How in the name of all that is sane can you have any kind of check of millions spent in that way if you just have a fellow drop in for a day? Surely if the Conservative members of this house are going to be suspicious at all times of government subsidies that are going out to crown corporations, then I think they have, and I think the minister needs, to adopt a bit of suspicion toward companies that are receiving this money. It seems to me this is the kind of consistency we should have.

I should like to know from the minister why these inspectors do not do much more checking of those companies. We gave them examples last year of a couple of mines that we were suspicious of in one particular field. The miners with whom I happen to have a fair amount of contact tell me that stopes are cemented up, that various rich veins are just passed by while the company goes on to mine something of a lower grade. I know in this whole question of mining different grades there is a great deal of leeway left open to the mine officials. It is a complicated procedure. But I would feel much better about these millions being poured into these gold mines if we knew the inspectors were going to run a real check on them. A man who spends half a day on a property and does not even go underground is not an inspector; he is just a travelling salesman handing out money. I suggest to the minister that there should be a more thorough inspection.

There is another aspect of the emergency gold mining assistance that bothers me and perhaps some other members of the house, and that is the trend in the gold mining industry to consolidate and move toward monopoly. For example there is one syndicate, the Little Long Lac syndicate, that in the last couple of years has been gobbling up a whole group of mines. Among the mines, as an example, was MacLeod-Cockshutt. A number of people in my particular region were small share holders in that mine, which was a fairly sound one, a low-cost producer. It had no tremendous future, but it was paying regular dividends, and the actual share value of the stock was not particularly high.

Here were people—and I can give some other instances—who had very low incomes, people who were pensioned off, who were counting on these dividends. What has happened with this monopoly trend type of thing? We know this is financed by big men in the market who are able to play the thing, but for the little person it is pretty tough. They took over without having to go to the trouble of purchasing all the shares; they took over many of these smaller companies, and consolidated the operations. I suppose they may be making them more efficient; they certainly have more money to provide for further exploration and maybe to develop this particular mine's properties. But what has happened in these particular cases is that the dividends almost always stop.

In so far as Little Long Lac is concerned, that is so. The smaller shareholder has no protection; he, of course, has no real voice in the shareholders' meetings. This is one of the laughs about the democracy of a company set-up; the small shareholder is just a joke. He can only say this. He had shares in this mine which were bringing him some dividends. All of a sudden the mine is taken over by a bigger corporation and the dividends stop, but the emergency gold mining assistance goes right on.

In the MacLeod-Cockshutt case, as I remember it, the dividend that was paid for a number of years almost equalled what that mine was getting from the government. Well, the dividend stops but the emergency gold mining assistance goes right along. How can you blame the small stockholder, the

small investor, for feeling that in effect in these circumstances the government is subsidizing with emergency gold mining assistance a group that is extending its tentacles to cover a great deal of the mining world.

I am neither an expert nor a critic of the building up of these large corporations that control a number of mines. I tend to distrust them, though I know there are a number of socialist economists who say it is nothing more than a natural trend that is going to lead to a new corporate structure that is largely going to be in government hands. But without getting into the inevitability of those developments, here is a case where a government subsidy is going to mines and those mines are in this position. It looks as though in the years ahead they will not be paying any dividends, but that the increment value will come to the people who own large blocks of stock in the holding group as a whole.

Last year my hon. friend from Timiskaming raised a point. He wanted to make a change in the act which would force the mines to give a certain percentage of the emergency gold mining assistance to their employees. I still think there is something valid in that point, but I would like to ask the minister a question on this other point. Does he consider it fair, or does he think he can do anything about this situation, where several hundred thousands of dollars will go to a mine that should be a going operation with that assistance, and nothing ever gets to the shareholders? I think it is a most questionable operation. If those mines are kept going only in terms of emergency gold mining assistance I think we need to re-examine the monopoly conditions that are developing in that gold mining industry.

I know the minister will probably say that this is something for the Minister of Justice and the combines investigation branch, but I suggest to him that it is also something for him, because it certainly is an irony that millions of dollars of the government's money are spent in keeping those gold mines going. The communities are all behind it. This is one of the ironies. You have the community people, the unions, the service clubs and everybody else out beating the drum for the mining companies because they want to keep the mines going, they want to keep them alive; but what is actually happening to the money in some of these cases, and especially in the Little Long Lac case?

That, Mr. Chairman, covers what I wanted to say on emergency gold mining assistance, the question of inspection and the question of the failure of some of these companies to carry on the practices of the past. That is the real point of the monopoly of the big holding company structure. I hope that next year when the minister appears with his estimates we will be able to say, he has put on an excellent show in carrying out the recommendations that were made by the committee. I certainly hope that if the committee sits again the officials of the department will display the same candour and honesty they displayed this year.

I do not mean to say there was anything odd about their candour and honesty, but I certainly feel that, much more than any other government officials I have ever heard giving evidence, they tried to be as frank and as blunt as possible, and for that they are surely to be commended. I hope the minister will remember that the past policy of the department can be much criticized for creating a despondent state throughout the department, and that he will make sure that such criticisms will never need to be made again, at least in his time in this particular department.

Mr. Pickersgill: Why do we not go right on through the lunch hour?

Mr. Peters: Mr. Chairman, it is one o'clock.

The Acting Chairman (Mr. MacEwan): I remind hon. members that the committee meets again at two o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2 p.m.

Mr. Southam: I should like to ask the Minister of Mines and Technical Surveys if he would mind outlining the ground-water survey program that his department is conducting for Saskatchewan. It is generally recognized that Saskatchewan on the average is one of the most arid regions in Canada and there is a pressing need for water for industrial and domestic uses in our province, particularly in the rural areas. I feel there is definitely an urgent need to expand and accelerate this ground-water survey program. Government policy in the matter is of particular interest to many of our hundreds of towns and villages in Saskatchewan which are looking for a source of water for waterworks and sewage disposal systems. I should like to have a comment on this particular problem, if I may.

Mr. Comtois: In answer to the question of the hon. member for Moose Mountain may I say that beginning this year the geological survey is fielding a two-man ground-water

survey party in the Saskatoon area. This year's survey will consist largely of groundwater inventory work under the direction of Mr. A. Toth. The area of operation will be expanded to cover that part of the populated plains region not already covered by groundwater surveys. This will eventually involve mapping an area of roughly 25,000 square miles. This work has been specifically requested by the provincial authorities. It is hoped that this inventory survey work can be expanded as additional survey positions become available. The provincial authorities are willing to supply the summer assistants or additional labour to aid the work of the geological survey, provided the survey can and will supply the geologists to supervise the work. I hope this answer satisfies the hon. member.

(Translation):

Mr. Martel: Mr. Chairman, I just want to say a few words. I do not want to take up too much of the committee's time, but before the first vote of the Department of Mines and Technical Surveys is carried, I would like to make a few remarks. They will be very brief, because in his remark this morning the minister covered the subject very well indeed.

I am taking this opportunity of congratulating the minister for the marked interest he has taken, since he took office, in problems of special concern to his department.

I also support the remarks of the hon. member for Villeneuve (Mr. Dumas) with regard to departmental senior officials who, unquestionably, are very conscientious, deeply interested in mining and particularly anxious to assist that industry and prospectors of new mineral deposits throughout Canada.

I would also like to tell the minister how much we appreciated his visit, in our district last autumn, when he came to look at the mines in western Quebec, to gather first-hand information on the conditions and future requirements of the mines. I therefore take this opportunity to tell him that we all have pleasant memories of his visit and I hope that he too will remember with pleasure the proverbial hospitality of people in western Quebec.

And now, I should like to offer to the minister a suggestion with regard to geological surveys in my area, more particularly in the riding of Chapleau, which I have the honour to represent in this house.

I know, for instance, that a good many aeromagnetic surveys have been carried out through his department in western Quebec for the past few years, and they are very important, indeed. They supply very useful information not only to mining companies but to prospectors and to anyone interested in mining development, either in western Quebec—an area of particular interest to me personally—or anywhere else in this country where such surveys are taking place.

The minister told us this morning that similar surveys are being carried out in some districts of northern Ontario, near the Manitoba boundary, and in various other places in this country. However, in addition to those aeromagnetic surveys, I think it would be well to undertake other and more detailed geological surveys in various areas and, more particularly in the district of lakes Kitchigama, Mattagami, Waswanipi, Bachelor and Opawica, to mention a few names that occur to me. Those lakes are located along what is called a mineralized zone, a mining zone, in the central area of the constituency of Chapleau, about midway between the present settlements along the railway line, and James bay, farther north. No geological survey has been made along that mineralized zone for at least 20 years.

As I said earlier, certain aeromagnetic surveys were made there, but no detailed geological survey. In my opinion, those geological surveys would be quite useful, not only to prospectors, but to mining companies. I believe very useful data could be got from the mining companies now operating in that area. Some of them have gone in for diamond-drilling on a rather large scale, especially in the last couple of years. Those borings are uncovering geological data which would indeed be worth compiling for use in drawing more detailed maps for prospectors and mining companies. To my knowledge, the last detailed geological maps of that region which have been published are known as the maps of Mattagami and eastern and western Chibougamau region. More detailed maps of that region have not been made for more than 20 years.

The provincial department of mines has made a few, but I believe the federal government would do well to consider the matter, so as to promote development of Canada's mining resources. The government should also undertake to have more detailed geological maps published, not only of the regions I just referred to, but also of new mining regions where necessary.

Mr. Chairman, before closing my remarks, may I point out to the house that the mining region to which I have just referred is a promising one, as pointed out by the Minister of Mines and Technical Surveys in his statement this morning. Again, quite recently, a new discovery was made at Opawica lake, along that mineralized zone located between Mattagami lake and the Chibougamau region. I am convinced that the region is one of the most important in this country.

(Text):

Mr. Peters: Before lunch the hon. member for Port Arthur again raised this problem of emergency gold mining assistance and some of the charges and countercharges that have been made in regard to this matter over the past number of years. It might have been brought to the attention of the committee that last year when this question of emergency gold mining assistance was raised, several of us who represent mining areas had unkind things to say about some of the activities of some of the mines. I am quite satisfied with some of the reports that appeared at that time, one of which was carried in the *Northern Miner,* which is a mine publication, and we know what to expect from such publications.

This newspaper went on to say that I have had some experience in mines and I should not be allowed to make these statements, that these statements should not go unchallenged. They said I should not take advantage of the fact I am a member of parliament to make these charges. Well, Mr. Chairman, I agree with what was said. I agree with what the *Northern Miner* said, that I should not make these charges without being able to do something about them. I therefore telephoned at my own expense to Timmins, where I worked before, and communicated with several people in the mining industry with whom I had worked and whose word I could accept. I asked them to make inquiries and give me the numbers and levels of the stopes of two of the major mines in this area that were closed off and used only on rare occasions to supplement the grade of ore from that mine. I received a telegram containing this information which I communicated to the department. I was informed at that time that the department did not have any inspectors who had checked the stopes; they did not know whether they were operating or not operating, so they were not in a position to check this information.

Personally I do not intend to make a fuss about it this year. Unfortunately we are faced with a situation where we are working against a deadline. Everybody is very anxious to go home, so I would not want to go into this matter at great length at this time. I am convinced also that the department has not done anything about it as yet, and I am only referring to this matter again so the department will have a look at this particular problem. Then next year, when we have these estimates before us, I should like to know exactly what stopes are being mined in the various mines; what is the condition of the reserves; where the reserves are, and we would like to have not only the blueprints of those particular stopes but we would like to have an inspector go into the mine on regular occasions and inspect the workings to see if, in fact, these operations are being conducted. Then if I give information to the minister that number such and such a stope in such and such a level is not being operated because of the high grade ore in that stope, the minister will be in a position to send an inspector there immediately to check on the situation and take action under the powers the minister is given by the Emergency Gold Mining Assistance Act.

I believe that in so far as every department is concerned, the Canadian National Railways, T.C.A., C.B.C. and all the other departments this government controls, we must—I agree with the Conservative members who have been crying very loudly—have some check on these organizations that come under the control of parliament. I believe also that hon. members would support me in saying that we must have some control over these large mining companies that have been using unsatisfactory methods in operating their mines.

At the time I made these complaints the department told me that this was good housekeeping practice. It may be from the mine's point of view very good housekeeping practice. I can see the reason for it. As was pointed out to me not long ago, there are no great fluctuations in most of these mines. I think any person who has knowledge of mining operations knows that this does not happen; it is a condition that is created. Normally you would find probably three really good veins, and if at the same time you were mining a low grade vein your millheads might go away up. In most of the mines this does not happen. It does not happen because they sweeten up the low grade ore with high grade ore.

I suggest this may be very good housekeeping practice but, Mr. Chairman, this was not the purpose in raising the matter.

We made charges and I repeat them, that some of these mines have been low grading certain stopes, and this is contrary to the effective operation and the avowed purpose of emergency gold mining assistance.

I have the largest gold mine in America in my riding and, incidentally, it gets no assistance whatever from the government. On behalf of those people who depend on mines that are getting emergency gold mining assistance, we thank the minister for having increased the subsidy to the mines. Obviously this assistance must be reflected in the wages that are paid and in the conditions that exist in these communities, because these communities are entirely dependent upon this industry for their support.

We have asked in the past, at least some of us in this group—this may not come within the purview of the minister—that consideration be given to using some emergency gold mining assistance to help those areas that are completely dependent on gold mines in establishing secondary industries. No matter how long we continue to pay this form of subsidy to these gold mines, there will come a day when they will be completely mined out.

While it is true, from Canada's point of view, that new mining fields will be found and new mines opened up, the people in the existing gold mining communities depend on this government, now through emergency gold mining assistance and in future through some other form of assistance, to help them transfer their economy from total dependence on gold mining to secondary industry. Some of these communities have existed for 30 or 40 years, and it seems to me the time has now come when we should be looking very carefully at what is going to happen in the future.

This is all the more important when we remember that this act still has the word "emergency" in its title. It is not considered to be a permanent measure. We used to pass it every year until we gave it these additional three years of life. We are going to be faced again, the day it expires, with having to do something in that field. I suggest that the minister give very serious consideration to devising some other use for the amount of money the government is paying so we may be able, through this assistance, to eliminate the need for emergency gold mining assistance. In my opinion this can only be accomplished if we can introduce secondary industries into those areas.

Perhaps this point does not come within the jurisdiction of the minister, but if the minister could convince his colleagues that we should have an increase in the price of gold I think a great deal of argument could be put forward for this proposition. It has not been, in the past, my practice to argue for an increase in the price of gold, for one or two very good reasons, the first being that Canada has supported the international monetary fund which has supported the sale of gold at a fixed price. I am aware also of the fact that the United States is one of the largest consumers of gold because, although we are not on the gold standard, gold is used to back our currency, its use in currency is endorsed by congress, and the amount of gold is set by the constitution.

Despite all these things, it also has a relationship to the price of real estate and the value of commodities. As inflation continues to increase, the arguments grow, and they are dramatized for an increase in the price of gold and a return to solid the backing of our currency by gold. This is a matter to which the minister can give consideration. I think he can urge the Minister of Finance to again put forward the argument in the international monetary fund and in our negotiations with the United States, pushing and working toward a higher price for gold.

This, I should like to point out, will not only solve the problem of emergency gold mining assistance, but it will solve the problem of expanding our production of gold very rapidly. I think there are few members here who have not at one time or another received a piece of information from one or more mining companies or mining promoters that has pointed out that if certain conditions are met—and one of them in an increase in the price of gold—the property they are offerring to you at 2 or 3 cents a share will be worth $15 or $20. I think it is quite obvious to everyone that an increase in the price of gold will stimulate a vast increase in our production of gold and in the search for that extremely valuable commodity.

There is another problem to which I should like to refer. It has been raised in Blind River. It covers the matter of another type of subsidy. I refer to the subsidy paid under the uranium clause to the mines in that area. I think the minister should give us some information on just how this subsidy from the government to the various mines is worked out. In negotiations to obtain more money for workers in a particular mine we are often told that if the wage factor goes up, then of course the amount of money the company will receive is going to be that much less. But we are told in this particular case in Elliot Lake, in the uranium industry, that the amount of money is tied to dominion

bureau of statistics figures and has no relationship to the wages that are paid in that particular industry. This publication goes on to say:

> Here's how it is done. The yearly average hourly wage figure for Canadian mining other than gold is multiplied by $1.25 and then divided by $1.858 (both of these latter figures are fixed in the uranium contracts). The difference between the resulting figure and $1.25 (23 cents in 1958) is then paid to each uranium mining company on every pound of uranium oxide shipped to Eldorado. Depending on changes in the Canada-wide survey of average hourly earnings, the figure for 1959 and succeeding years may be greater than 23 cents per pound.
>
> Here according to our calculations is what some of the local mines creamed off in 1958 as a result of the "joker" clause:

Algom	$1,074,330.00
Denison	975,145.03
Northspan	968,332.89
Milliken	264,040.00
Stanleigh	256,092.35

This contract that has been worked out for the uranium has been a very hush-hush type of agreement as far as publication is concerned. I should like to ask the minister whether he has any information he would like to give on this matter, and how this type of clause was arrived at. This has been subsidized by the taxpayers, and is not in anything like as understandable form as the emergency gold mining assistance. I would suggest that if this type of subsidy is going to be employed, we should have an act that will cover it in the same way as is done under emergency gold mining assistance, and which will be administered by the Minister of Mines and Technical Surveys.

In closing I should just like to suggest to the minister that some consideration again be given to this matter of inspectors in the mines. I think the federal department could do a great deal of good if they were to give consideration to some of the conditions that have resulted from the present system.

While this matter is not at the present time under the minister's department, I suggest that more consideration should be given through his research department to some of the diseases and some of the working hazards of mining. I am thinking of the fact that in many of the provinces we have different mining regulations governing such matters as silicosis, bursitis, pneumococcus and some of the dermatitis problems that are raised by these various types of ore, and also this problem of uranium mining and some of the hazards that go with it. While, as I say, it has not been a problem with which the federal department of mines has been concerned, I think it is becoming increasingly necessary for them to give consideration to these matters.

[Mr. Peters.]

I should like to refer only to this particular case that I think has been repeated hundreds and hundreds of times across the country. I know it is true in my own area and I am certain it is true in the riding of the hon. member for Timmins, as well as in others. I refer to silicosis and how it has been treated in various provinces. I would recommend to all hon. members that they read and article that appeared in *Liberty* in November, 1958 entitled "My Husband Had to Die to Get Workmen's Compensation".

I think this article highlights one of the problems. This man and his wife for eight years conducted a battle with the compensation board in British Columbia. Then the wife sat on the doorsteps of the parliament buildings for some weeks and finally brought this matter to the attenton of many of the citizens of that province. When an autopsy was performed it was established that this man had silicosis and she was awarded a pension.

I agree that at the present time this is not a federal matter, but as technocracy advances and as the various forms of technical advance take place, I think we should be more and more willing to bring equality to workers, no matter in what province they live, where it is possible to do so through the federal department. I suggest that the minister give consideration to some of these diseases which are not even recognized by some of the provincial compensation boards. I am not suggesting that we interfere with the rights that have been given to the provinces, but there are fields of research that could be undertaken and some standardization of this research that I am sure would be beneficial to all workers throughout the country.

The Deputy Chairman: Shall vote 186 carry?

Some hon. Members: Carried.

Mr. Dumas: Maybe the minister wants to answer the hon. member for Timiskaming.

(Translation):

Mr. Comtois: Mr. Chairman, I have a few comments to make. Let me begin by saying a few words about the remarks of the hon. member for Villeneuve (Mr. Dumas) whom I must congratulate on his excellent contribution to the debate. He twitted me, albeit quite pleasantly too long. However, I clocked his speech, as I had my own, and found that both were of exactly the same length.

If my remarks were a bit too long, so were his. But I don't mean this as a reproach; indeed I want to thank him for his very

constructive contribution. Naturally, as a member of the opposition, he had to say a bit of something about present conditions and, of course, he could not—on pain of high treason—say that conditions are better than they were at the time he used to sit on this side of the house. I can understand that.

However, he referred in particular to the price of copper, saying that the price in 1958 was 25 cents, that in 1959 it went up to 31½ cents, but that it is now 30 cents.

When, last year, I visited the area represented by the hon. member for Villeneuve, I was told by company officials that if the price remained at 30 cents a pound everybody would be happy. I do think that if it remains at that level and if the prospects hold, there will be no decline in mining operations. Besides, according to papers like the *Northern Miner*—which at times is perhaps a bit optimistic—the general situation is good. It is clear that progress is being made, and that the outlook is favourable.

(Translation):

And now I think I should say a few words about what was said by the hon. member for Port Arthur. He mentioned that there was a lot of criticism in the report of the committee on mines, forests and waters. Well, the recommendations made by that committee will surely help me to convince the government that more should be done in research and improvements in our department. Mr. Chairman, when I was appointed to be in charge of the department, things were as they were, and I must say that we are moving as fast as we can in that regard.

Another point was raised by the hon. member for Port Arthur, who has quite properly shown interest in the proper administration of the Emergency Gold Mining Assistance Act. I wish to assure him that my department and the Department of Finance are vigilant in ensuring that moneys are paid only after a thorough investigation of the cost of operation of every gold mining company which is eligible for assistance.

In answer to a question by the hon. member from Port Arthur, it was stated that the drawings and plans of the underground workings of every gold mine were not checked with the actual workings. I should like to point out that a limited underground visit would produce only superficial checks on the completeness of the mine plans. Such an inspection would be of no benefit unless a check survey of the underground workings were made and the grades and quantities of ore mined from the various working places were substantiated. Such a procedure would duplicate the work of the engineering staff at each mine, and would require a duplication of their number as inspectors. It is for this reason that direct examination of underground workings is undertaken only where unusual conditions exist. Far more effective checks on the operation and mining practices followed by a mine are obtained by the examination and correlation of mine plans from the engineering department, and the costs applicable to the various categories of mining operations from the accounting department.

It is in the interest of a gold mine operator to include in the costs which he submits for approval all the mining costs which have been incurred during the period. Unless he does so the amount of assistance he receives will be reduced. If a section of the underground workings is included in the costs but not shown on the plans, our usual examination of the plans of the work done and the costs attributable thereto would show at some point an abnormal and unsupported increase, thus calling for a further investigation of the matter. A comparison of the information submitted in applications for assistance is made with the details contained in the annual report to the shareholders of the company and other sources of information such as provincial reports.

The cost submitted by a company in each application, on which the calculation of the amount of assistance is based, are thoroughly examined. Final payment is made with respect to any designated year only after a complete audit has been made of the company's books of account at the mine and at the head office by the auditors of the comptroller of the treasury, Department of Finance.

I would like to assure the hon. member that the inspection and examination of mine accounts and plans submitted by companies applying for assistance payments are thorough, and that payments are made only in conformity with the provisions and intent of the act.

The hon. member for Timiskaming raised the same point, and I think this answers both hon. members. But if it were reported that some special investigation was desirable, we would be happy to do anything we could to find out if there is a nigger in the woodpile, as one might say.

An hon. Member: An Ethiopian in the woodpile.

Mr. Comtois: What was that?

An hon. Member: An Ethiopian in the woodpile.

An hon. Member: I object to that.

An hon. Member: We all do.

Mr. Comtois: As to the remarks made by the hon. member for Timiskaming, I thank him for his comments and suggestions, to which we shall give serious consideration.

Mr. Dumas: Two points were raised by the hon. member for Port Arthur, and one of those points was mentioned by the hon. member for Timiskaming. I do not wish at this time to enter into a controversy with these hon. members, who are good friends of mine, but I will say something which may throw some light on this question of low grading as mentioned by the hon. members for Port Arthur and Timiskaming. A gold mine, to qualify for assistance, must first of all produce a minimum of 50 ounces of gold in a year, and at least 70 per cent of the value of production must be from gold. The rate of assistance, where the cost of production must be from gold. The rate of assistance, where the cost of producing an ounce of gold exceeds $26.50 an ounce, is two thirds of the difference between the cost and $26.50 applied to two thirds of the number of ounces produced. The ceiling is a payment of $12.33 per ounce on the assistance ounces or $8.22 (⅔ of $12.33) per ounce for all production ounces. This assistance has been increased by 25 per cent since January 1, 1958.

I have prepared a table showing the cost, the assistance, and the profits on an ounce of gold, taking as a basis $35 U.S., and with the permission of the committee I should like to put it on record because it will facilitate an understanding of what I shall have to say later with regard to it.

The Deputy Chairman: Has the hon. member the unanimous consent of the committee to put this table on *Hansard?*

Mr. Churchill: Mr. Chairman, there is just one weakness in a suggestion like that. I understood the hon. member to say that he had prepared the figures himself. If they were official figures from the dominion bureau of statistics it would be a different matter, but I am not so sure about this practice.

Mr. Dumas: These figures were taken from the report on emergency gold mining assistance which was published by the Department of Mines and Technical Surveys.

Mr. Chevrier: Mr. Chairman, if I may, it has been the practice to accept these figures on previous occasions. I do not know why we should not do so today.

Mr. Dumas: They are profferred merely to facilitate discussion.

Mr. Churchill: If they are official figures I suppose it would be all right.

The Deputy Chairman: Has the hon. member the unanimous consent he seeks?

Some hon. Members: Agreed.

[Editor's note: The table referred to above follows:]

PRODUCTION OF GOLD

Cost—Assistance—Profits at $35 U.S.

Cost to produce one ounce of gold	Assistance payable per ounce of gold produced	Cost to produce one ounce of gold less assistance	Gross profit per ounce of gold produced U.S. dollars
$15.00	0	$15.00	$20.00
20.00	0	20.00	15.00
25.00	0	25.00	10.00
26.50	0	26.50	8.50
30.00	$ 1.94	28.06	6.94
35.00	4.72	30.28	4.72
40.00	7.50	32.50	2.50
45.00	10.28	34.72	.28

Rate in effect to which the 25 per cent recent increase has been added.

Mr. Dumas: The table the minister was good enough to permit me to have reproduced in the record illustrates over a wide range of costs the effect on profit where assistance is paid and where assistance plus 25 per cent is paid. As costs increase beyond $25.20 an ounce the effect of assistance is to slow down the declining profit rate rather than to provide for its maintenance. For instance, with assistance the break-even point on costs is extended from $35 to $45 an ounce.

The table also shows that the greatest profit is won with low costs and that, as the cost of producing an ounce of gold increases,

profits drop off very sharply. For instance, a profit of $20 an ounce can be made with a cost of $15 an ounce, but this drops to $10 with costs of $25, to $8.50 with costs of $26.50 and to $6.94 with costs of $30, to $4.72 with costs of $35, to $2.50 with costs of $40 and to zero with costs of over $45.

The veins in an average gold mine have a wide range in grade from probably less than one-twentieth of an ounce to several ounces to the ton of ore. Usually the number of tons of high grade ore is quite limited, and as the grade decreases the number of tons increases. A picture of it could appropriately be shown in the form of a pyramid with a small peak of high grade ore and a large base of low grade ore.

Mines like to have a three year supply of ore available at all times for the mill, and one of the tasks of management is to determine that mixture of the various grades from which a maximum profit can be won. Only by earning a maximum profit is the best use made of the resource itself and of the labour and capital provided for its development and production.

I should now like to cite an example. Assume we have an oreshoot ten feet wide by 480 feet long. This would yield 400 tons per vertical foot. Assume the recoverable grade to be 0.20 ounces or $7 with gold at $35. Assume cost per ton at $6. The cost per ounce would be $30. The cost aid would work out to $1.94 per ounce or 39 cents per ton. The income would be calculated on the following basis:

Income:	400 tons × $7	$2,800
	Cost aid 400 × 39¢	156
		$2,956
	Less cost (400 × $6)	2,400
	Profit	$ 556
	Profit per ton $1.39	

Now assume that a 2.5 foot width on each side grading 0.10 ounces recoverable or $3.50 per ton is mined as well. This would yield 600 tons per vertical foot. The combined average recoverable grade would be 0.167 ounces or $5.84 with gold at $35. The cost per ounce would be $36. The cost aid would work out to $5.27 per ounce or 88 cents per ton. The income would be calculated on the following basis:

Income:	600 tons × $5.84	$3,504
	Cost aid—600 × 88¢	528
		$4,032
	Less cost—600 × $6	3,600
	Profit	$ 432
	Profit per ton $0.72	

It would be bad practice to try low grading, because you have to make a profit. You have to mine the ore you have. It is good practice to try to keep an average grade. This was done by the responsible management of many gold mines in an effort to lengthen the life of the mines. We have many examples where companies tried to mine only high grade. The hon. member for Port Arthur complained about some of these.

Some mines do this in order to pay high dividends to their shareholders. One mine in Quebec paid 15 per cent on the money invested in the mine, but the mine had only a short life. Management was not wise enough to establish an average grade and a fair profit. The mine is not now in existence. It was giving employment to 300 or 400 men but now it is closed, though it could have been in operation for another 25 or 30 years. This is an example of the result of high grading. If you do low grading you achieve the same result, because if you do not make a profit on a mine it has to be closed down.

Another question was raised by the hon. member for Port Arthur regarding the amalgamation of some companies. He may have good reason to complain in the case of MacLeod-Cockshutt; I do not know. In Malartic one company acquired three mines previously under separate management, one of which was going to be closed down with salvage operations about to begin. The previous management was discouraged. I will not say there was bad management, but it appears that they did not have the courage to undertake additional exploration in order to find more ore in the mine.

These mines were taken over by a certain company through shares bought at a cost higher than the market cost. They acquired control of the mines and because of good management found an ore body which prolonged the life of the mine for another 20 to 25 years.

When I talk about this question and about the operation of Little Long Lac, I am not talking in favour of any person or group of persons owning Little Long Lac; I am talking for the electors of my constituency, for the people of my own home town who know the situation. Today that mine would be closed if it had not been taken over by a group of people who are interested in mining. They found an ore body, and the life of that mine has been extended for another 20 or 25 years.

I have another example. Little Long Lac took over another mine, Malartic Goldfields Limited. It was claimed that there was no more ore in this mine and they were to enter into a salvage operation. Well, they did not find any ore there; maybe they found some, perhaps 200,000 or 300,000 tons, which

is lengthening the life of the mine for maybe a year or two. But what else did they do? They acquired two small prospects near that mine. They bought those prospects, and again they bought the stock at a higher price than they would have paid on the market. They bought those two prospects; they did the exploration work. They are doing the development work in such a way that Malartic Goldfields, which employs 600 men, instead of closing in one or two years from now, will be able to operate for another 15 or 20 years.

This is the result of the coming of Little Long Lac to my home town of Malartic. The people of Malartic are very happy today because people with some vision came there and did something to prolong the life of those mines. That is the situation. Maybe it is different somewhere else, I do not know; but I feel that if a group of people get together and are ready to take a chance and buy a gold mine or a copper mine—you do not buy those by just bidding a certain price; you have to buy control. You have to buy shares. You have to buy them on the market, or you have to buy them from a group of people who have those shares. What did Little Long Lac do? They went to the people who had control of the company and said, "We will pay you 15 cents or 20 cents more a share than the price of those shares on the stock market, because we are interested".

That is the situation, and that is the story of Little Long Lac in my home town of Malartic. I did not want to allow this matter to go unchallenged because the life of my constituency, which depends on gold mining and base metal mining, was at stake, and we want this industry to be as healthy as possible.

Mr. Peters: The hon. member who has just spoken has given one side of the story, and there are two. He presented a large number of figures, but in those figures there were certain weaknesses. His description of mining conditions in his home town sounded very much like conditions in my own home town, where there is much more mining done elsewhere than in the mine. The hon. member spoke as if he was doing actual work in the mining of ore, and I expected to see it piled over in the corner some place.

With respect to these charges of low grading and high grading, there are cases which have come to my knowledge. I have talked with people who know exactly where those stopes are or they would not make the charges. The men who work in the mines do not do this because the grade of ore fluctuates; they do it to obtain a particular level, which is quite a low level. There is something to be said for maintaining ore at a particular level that the hon. member did not mention, and that is that the mills are designed to function with a certain millhead and a certain rate of recovery. If you dump in a large quantity of high grade ore or if you dilute your ore with a large amount of waste, then your mill will not operate satisfactorily. Either high grade ore or very low grade ore or waste will upset the millhead and the mill will not work as satisfactorily as it will with the range of ore for which it was built.

In pointing out how gold mining assistance operates the hon. member used the figures that are in the book and I have no quarrel with those figures, but I think he realizes that what he was really saying was that he does not disagree with this system of high grading or low grading, that this is a good housekeeping proposition. I am suggesting that again he has forgotten something else that is prevalent throughout the whole gold mining industry and that is that the operators of the gold mining industry—and they are not very many in number—are eternal optimists. As the hon. member pointed out, in his area a number of the mines are controlled by one company. It is true that in each of the areas the people who are running and controlling the gold mining industry are eternal optimists when it comes to an increase in the price of gold. They operate for the day when the price of gold will go up. These people have been very surprised, because they were sure that when some of the present members of parliament who used to be outspoken champions of the gold mining industry when they were in opposition became supporters of a government they would continue to be champions of an increase in the price of gold. Now that they have become cabinet ministers, and some of them potential cabinet ministers they have not had the same desire to continually talk about an increase in the price of gold. Those people who are operating gold mines, being eternal optimists, are holding—and I am sure it is a fact—many sections of the well-known mines for the day when gold will be $70 an ounce.

While it is true that gold mining has to be maintained at the range for which the mill is designed to operate most efficiently, I still think some consideration should be given to this fact. There are people holding for themselves underground gold reserves against the day when the price of gold will rise. This is all we are asking the minister to check. We are not disagreeing that gold mines should be operated under what are called good housekeeping conditions, because we certainly support that. We agree entirely with what the hon. member has said. High grading is more detrimental to the country

and to the mining communities than low grading would be, but we think consideration must be given to some of the companies which are not totally dependent on emergency gold mining assistance, to see that they use the assistance to the best advantage of the communities.

Many of the smaller companies are in such a position that if emergency gold mining assistance were cut off or would require to be increased to an amount which the government would not see fit to recommend to maintain the small companies, they would be unable to operate. All we are suggesting is that the department of mines maintain continual surveillance of this problem so the money that is being paid to them in the form of a subsidy is used to the best advantage of the communities that are depending on this particular industry. When we make these charges in specific cases we are quite willing to give the names and the numbers of the stopes to the minister if he will give us some assurance that this information will not be neglected and that there will be an investigation. If we are wrong we shall be quite happy to get up in the House of Commons and say we were wrong in that particular instance.

Mr. Comtois: I can assure the hon. member that every bit of information, specific names and so forth, that is submitted to us will be given the best consideration, and we will investigate each case.

Mr. Herridge: Mr. Chairman, there is no need for many of us to speak at length on these estimates, in view of the very thorough study made by the committee. I rise for two purposes. In the first instance, I would not wish to hurt the minister's feelings by failing to say a few words on his estimates. Second, I have a point or two I wish to make with respect to the consideration of the committee report.

I have read the report carefully, and on the whole it is an excellent one. It does show some traces of, shall I say, parliamentary youthfulness and some tinges of overenthusiasm, but it is the result of a lot of hard work and study. It does indicate clearly that we would not have such a comprehensive and critical report if the estimates of the department had been going before the committee throughout the years. I am one of a good number of members who year after year urged the government of the day to refer the estimates of this department to the committee on mines, forests and waters. It is because of the fact that this was not done for 25 years that the committee had to make such an exhaustive and lengthy study and has brought forward a somewhat critical report.

So far as the work of the committee is concerned, like the other committee members I appreciate very much the frankness of the evidence given by the officials called before the committee. But I should like to have seen representatives of industry called before the committee as well, as was done by the forestry section of the committee studying the estimates of the Minister of Northern Affairs and National Resources. I think their evidence would have assisted the committee to attain more balance and a wider perspective.

I also want to emphasize that we must not fail, because of the critical nature of the report, to recognize the excellent work that has been done by the staff throughout the years, a tremendous amount of work to anyone who understands the various branches of the department and the importance of the work that is being done. As far as my constituency is concerned, I know the great importance of the excellent work done in connection with the Columbia basin survey since 1945. I do want to emphasize this, because I have received some comments from correspondents and I am afraid that through misunderstanding the nature of the report there may be a tendency to suggest that the staff has not been up to snuff. They have done excellent work while lacking the funds to provide a full staff and the buildings and equipment necessary.

I have one or two suggestions to make before I sit down. The report suggests the expenditure of a good many millions of dollars, and I am a bit cautious when it comes to spending money. What little I have managed to gather here and there has been the result of hard labour. I was brought up in a home where my mother and father emphasized three things. They were opposed to injustice, opposed to dishonesty, and against waste. It is on that last point that I wish to speak. When the government is giving consideration to the recommendations in the report I suggest that there should be a survey of the work being undertaken in the mining, mapping and other branches of the various provincial governments and also in private industry, to make sure that in extending the staff there is no unnecessary duplication of effort and waste of funds.

I think we are approaching a most appropriate time to give that matter very careful consideration in relation to the committee's report. I understand that the national conference on conservation is expected to meet some time next year, and I think that will

be an appropriate time at which to go into this matter with the provincial governments and private industry to make sure there is no overlapping, no duplication, no waste of effort and no waste of public funds. I think that would be an excellent time to make a study of the allocation of the various fields of effort and activity, because on occasion I have noticed the federal government and provincial governments publishing similar maps and doing similar research work and so on, though I have noticed that this has lessened a great deal in recent years. I do suggest that the coming conference on conservation would provide a good opportunity to survey the whole situation, allocate the various fields of effort and, as I said before, avoid any unnecessary expenditure of public funds.

Mr. Martin (Timmins): I should like to add a word to this very interesting debate. Different points of view have been put forward, and I was quite interested in the point raised by the hon. member for Timiskaming because last year I had occasion to take up this very matter with some of the departmental officials. The information given me at that time was that the department does no inspecting as such on the mining properties themselves, that the department's control is maintained solely through auditing and through the plans submitted by the various mines when they apply for gold mining assistance.

That is scarcely good enough, and is possibly one of the reasons there is so much misunderstanding and distrust on both sides regarding this problem. At this time I should like to renew the request we have made before in the house that a committee be set up to look into the matter in all its aspects. The federal government are involved because they pay the subsidy. The provincial governments are involved because they administer their mining acts, and the municipal governments are certainly involved because they are very keenly and vitally interested in the life and health of these mining operations. The mine operators are involved, of course, and so are the workers in the mines who could be represented by the union certified to represent them.

In the best interests of all concerned I think this matter should be looked into, and in my opinion there is no better time to start than right now. The Emergency Gold Mining Assistance Act was amended last year and is in force until the end of next year. At that time it will be coming up again for renewal or amendment or whatever action may be deemed advisable. If such a study were made it could possibly do away with a lot of the misunderstanding apparent at the present time, and hon. members would be much better advised and better able to take the necessary action at that time.

Mr. Dumas: Mr. Chairman, I do not like to take too much of the time of the committee, but I wish to say something on the price of gold. The price of gold is now based on the United States dollar, and over the past few years the government has been paying for an ounce of gold prices varying from $33.25 to $34, much lower than the price of $35 in Canadian money. This makes for a difficult situation.

Of course the previous and present governments have been very generous toward the industry and with good reason. The Emergency Gold Mining Assistance Act has done a lot of good for the gold mines. Last year the act was extended and the benefits to the gold mines increased by 25 per cent. However, in view of the fact that today gold is sold on the free market and people can hold gold here in Canada, which is a good thing because it has given some encouragement to the industry, the government is buying less gold. I think the government is buying very little gold produced by those mines which cannot benefit under the Emergency Gold Mining Assistance Act.

For this reason I believe the government would be wise to buy all gold produced in this country, and for it should pay $35 Canadian to the producers, whether they are base metal mines or gold mines. Of course, they should continue the assistance to gold mines which can qualify under the act.

Now, if the government were to pay $35 an ounce in Canadian dollars they would encourage the base metal mines, and they would encourage mining in Canada. I would suggest that the government raise the price of gold, but this is a difficult problem; I understand that. This is an international question. Of course if the government of Canada were to raise the price of gold, let us say to $50, they would be paying a subsidy of $15 because all we could get for that gold if we were to sell it would be $35 in United States currency. However, I think the time will come when it will be a good thing for the government to raise the price of gold. If we were to raise the price of gold I am sure South Africa would follow our example and raise the price as well. In the meantime, I suggest we pay $35 in Canadian currency for the gold produced in this country, and that we continue the Emergency Gold Mining Assistance Act as it is.

Item agreed to.

GEOLOGICAL SURVEY OF CANADA

200. Administration, operation and maintenance, including Canada's share of the cost of the geological liaison office, British commonwealth scientific conference, London, England, and $50,000 for grants in aid of geological research in Canadian universities, $3,299,108.

Mr. Dumas: I wonder if under this item the minister could tell us how many parties are doing geological survey work across the country, and how many are in each of the provinces?

Mr. Comtois: In the Yukon Territory we have 2 parties; in British Columbia, 16; in Alberta, 4; Northwest Territories, 7; Saskatchewan, 4; Manitoba, 3; Ontario, 9; Quebec, 3; new Quebec and Labrador, 5; New Brunswick, 5; Prince Edward Island, 2; Nova Scotia, 4; and Newfoundland, 3.

Mr. Dumas: Will the minister tell the committee whether the Fort George operations will be completed in 1959?

Mr. Comtois: Yes, it will.

Mr. Chevrier: This is a matter in which the minister knows I have had some interest for several years. It has to do with the boundary line which separates the province of Ontario and the province of Quebec in lake St. Francis. I wonder whether the minister would tell the house what progress has been made in defining that boundary. I realize that this matter does not come directly under his control, but at the same time I know he has made representations to both provinces in an effort to determine the boundary and perhaps he can tell us if some progress has been made.

It is a problem which is of interest to those who live on the southern boundary of the province of Ontario and the northern boundary of the province of Quebec in lake St. Francis. This boundary between these two provinces has never been delineated, and because of the work which still remains to be done in lake St. Francis by way of dredging, and also because of the completion of the St. Lawrence seaway, it would appear to me that the time is now ripe for a determination of that boundary. Will the minister tell the committee if any progress has been made?

(Translation):

Mr. Comtois: Mr. Chairman, in reply to the hon. member for Laurier (Mr. Chevrier), I must say, to my regret, that I have little progress to report on that count. I understand he is personally very interested, and in all respects, in the delineation of that boundary line. I know also that the matter is far from being directly under the federal jurisdiction; indeed it is the exclusive concern of the two provinces in question, and of course we cannot force the province of Ontario or the province of Quebec to draw a boundary line between them.

In the ordinary course of things and officially speaking, I am unable to report any progress. On the other hand, now that the St. Lawrence seaway is completed, I have another argument available. Therefore, I do believe that we will be able to achieve that result in which I am also interested. I can also appreciate the interest of the hon. member for Laurier in the matter. I hope that, next year, I will be in a position to bring better news.

Mr. Chevrier: Mr. Chairman, I thank the minister for his intervention and for what he has just said. However, may I make a further remark? There is also, in that matter, a legal question concerning the islands in lake St. Francis, a legal question arising out of some works that may be done and of many other activities which may take place in that lake. It becomes increasingly imperative that that boundary line be drawn up.

I am convinced that the minister could talk it over with his friend, the hon. premier of the province of Quebec, and in this way do much to help this project along.

The project is of personal interest to me, it is even more so to people who live on either side of the boundary line, and I do not believe it is fair that a boundary between two large provinces like Ontario and Quebec should not be determined under the constitution.

I accept the minister's statement, knowing that the matter is not directly under his jurisdiction, but a provincial matter. However, I repeat my hope that, thanks to his good offices with both governments, it may be possible before long to define that boundary line, which is of great importance to both provinces.

Mr. Pickersgill: I should like to ask the minister a question about the boundary line between Quebec and Newfoundland.

(Text):

Has the minister had any opportunity to take up this question with his friend, the premier of Quebec? It might be that the minister, in seeking to solve this problem, could exercise his diplomatic functions in a somewhat wider field or, if he felt it ought to be done by secret diplomacy, perhaps he could get the minister of northern affairs engaged in it. What I should really like to

know is whether any progress has been made in defining the border between Quebec and Newfoundland.

(Translation):

Mr. Comtois: Mr. Chairman, if the hon. member for Bonavista-Twillingate (Mr. Pickersgill) were sitting on this side of the house, and I on the other side, I could ask him the same question: "Has he discussed the matter with his friend Mr. Smallwood?"

In any case, it is the first time I am being asked a question about that border between Newfoundland and Quebec, and that I am being told it has not been defined. The matter was never submitted to me.

(Text):

Mr. Pickersgill: If the minister can assure me that his friend, the premier of Quebec is ready to discuss this matter I think I can give him an assurance right now that the premier of Newfoundland would be agreeable to discussing it.

Item agreed to.

MINES BRANCH

202. Administration, operation and maintenance, $3,527,130.

Mr. Peters: I should like to ask the minister how many officials he has capable of doing factual inspections in mines.

Mr. Comtois: If it is proved that we have factual inspections to be made, we have engineers to do the job.

Mr. Peters: Are they listed under this vote in the details at page 275?

Mr. Comtois: Yes, Mr. Chairman. If we do that work we have to take them out of some other field, but the answer is yes.

Mr. Peters: I should think it would take a practical as well as a competent engineer to do the underground surveys that are necessary if you were checking a particular place. I am interested to know in what part of the mines division you have these mine inspectors. The minister has said that some inspection has been done in the past. Which of these officials have done that inspection?

Mr. Comtois: Up to now when some inspection was to be made we had engineers from the mineral resources division. We have another group of engineers in the mines branch. We can have some available for any purpose for which we need them.

Mr. Peters: Is the minister saying that under this mines branch there are no inspectors at the present time?

Mr. Comtois: No, I did not mean that.

Mr. Peters: Would the minister indicate to me what section they are under, or where they appear on the list?

[Mr. Pickersgill.]

Mr. Comtois: Maybe I misunderstood the question. We have no engineers or inspectors for that purpose at the mines branch at the present time. However, if they were needed in the mines branch we could divert some inspectors from the mineral resources branch to the mines branch in order to make some reports or some inspections.

Mr. Peters: Is the minister saying that in the years we have had emergency gold mining assistance we have never had attached to this branch any inpectors for checking? If not, maybe he would explain to me where the auditors under this division come? As I understood it, there were two checks. One was an auditor's check that was done in the offices of the mining companies, using the books and data available in the offices. Then if there was any question with regard to this check they did the actual check or the visual resurvey. I would assume that this matter comes under this particular department.

Mr. Comtois: I am told that the staff necessary for the inspections is taken from the mineral resources division; that is item No. 188. As far as accountants are concerned, they come from the Department of Finance.

Mr. Peters: Does this not seem to be an odd way of handling a branch? This assistance is costing the Canadian people some $12,500,000 a year. In view of what was said in the report of the committee—unfortunately I was not a member of the standing committee—where they mentioned that many more officials were necessary in this department, that they have not expanded in the fields where expansion was necessary, may I ask the minister this question. Is this one of the fields in which increased personnel is necessary?

Mr. Comtois: No. We did not make any such provision this year in that division.

Mr. Peters: Does this not seem rather unusual? We have this large sum of money to supervise and we have nobody doing it. I was wondering whether perhaps the requirement was for men who were trained by some of the mining schools in surveying and geology and who were also familiar with underground operations, and that probably that was the department's requirement. But I see there are a number of them. I think that is quite an admission, that we have no full time inspectors to inspect the handling of this large sum of money.

Mr. Comtois: I think the hon. member is wrong. We are on item 202 under the mines branch. There is no connection with the mineral resources as far as inspections are concerned. That matter comes under vote 188.

Mr. Peters: Then what is the mines branch? I would assume that the mines branch handled mines. I would not expect to look for it under surveys or geology or something. I would expect it to come under the mines branch. If this department is as out of date as this, and if the mines branch does not cover the mines department, then I think we ought to take another close look at it now, not next year.

Mr. Comtois: I do not know how I can explain the matter to the hon. member. Emergency gold mining assistance comes under the mineral resources division, item 188. There is no connection with the mines branch. That is another division. The mines branch is for research only.

Mr. Peters: I think the mines branch must also handle this matter of inspectors. If the minister were to say that he keeps inspectors to do the surveying work, the factual and manual check that is necessary on the work the auditors do, and it comes under some other department, I would accept that answer. But I am of the opinion that the only place it could come would be in the mines branch, and that the only logical place to put your inspectors of mines would be in the mines division. I do not see how they could come under something else.

I am of the opinion that there just are not any such animals. I am also of the opinion that after I gave the minister information last year, the reason the minister's department could not check the information was that they had not the inspectors to do this job. I called and gave the information to the minister's department last year. I think the reason the checking has not been done and cannot be done is that we do not have any inspectors. If that is the answer, then I think that is the answer the minister should give.

The Chairman: Shall vote 202 carry?

Some hon. Members: Carried.

Mr. Peters: No. I think this $12,500,000 that we are spending in a subsidy deserves much more control than this. I do not feel that I am doing my duty if we do not insist on there being some inspection for infractions of this act. I have been accused by some of the mining publications, as has the hon. member for Port Arthur. In both cases we have been to the department and have given them information that I think they should and could have investigated if they had the personnel with which to do it. I am of the opinion that they do not have the necessary personnel.

I do not see any place in this mines branch where we have inspectors for this type of mine inspection. If we have not, I think the Canadian people should know that fact and that the Canadian people should demand that the expenditure of that amount of money is given the protection and the supervision of one, two or three inspectors who can do a competent job. They are going to have to be very highly skilled men. We shall have to go into the mines and do a resurvey job on some of these operations. I think we shall need at least one inspector; I do not think we have that inspector now, and I should like an assurance before this vote carries that the government is willing to provide one.

Mr. Aiken: Why should he?

Mr. Peters: What was that?

Mr. Aiken: Why should the hon. member tell the minister what to do? I do not see why he should give you any assurance.

Mr. Peters: Maybe the minister does not have to give the Canadian public any assurance that the $12,500,000 which he is paying every year is properly administered, but there is no point in passing this estimate if there are going to be no safeguards at all over the expenditure of this money. If that is the opinion of the hon. member who has just spoken, and if that is accepted by the government, then I think it is the answer. And if that is the answer, I am quite satisfied by it.

(Translation):

Mr. Comtois: Mr. Chairman, I am under the impression that the hon. member for Timiskaming (Mr. Peters) does not want to understand, obstinately refuses to do so, or is ill-disposed. I am doing my best to explain to him that the inspectors who supervise assistance to gold mines, under the Emergency Gold Mining Assistance Act, must be under the authority of the mineral resources division.

Even if we hired additional inspectors or engineers to do the inspection work he mentions, we could not take them from the mines branch but from the mineral resources division. Nothing has been changed in that matter. If more inspectors are required, we will take them on. I don't see any objection to adding one or two inspectors, if necessary, to the staff of that branch and to give them that supervisory work to do, but the hon. member may be assured that if we hire additional staff, the addition would have to be made to the mineral resources division not to the mines branch.

(Text):

Mr. Pickersgill: I think note should be taken of the intervention of the hon. member for Parry Sound-Muskoka, who seems to be typical of certain backbenchers supporting

this government in maintaining that the opposition and the Canadian public have no right to information about the way in which public money is being spent.

Mr. Aiken: Since the point of order has been raised, may I speak to it?

Mr. Pickersgill: It was not a point of order; I just made an observation.

Mr. Aiken: My point was this. The hon. member for Timiskaming has been threatening to hold up the committee on these estimates unless the minister does something he wishes him to do. It is not the first occasion on which the hon. member has done this. He just finished saying that he would not allow this item to pass unless the minister gave him certain assurances. I see no reason why any hon. member should be in the position of saying "I shall not let this item pass unless the minister gives me certain assurances." Nor should any hon. member be in the position of saying "I am not letting this item pass unless the government does something."

The Chairman: I appreciate the explanations given by hon. members both to my right and to my left, but I believe it would be preferable at this time if we came back to our consideration of the estimates of the Department of Mines and Technical Surveys. It would be out of order to engage in a debate such as the one which seems to be starting at present.

Mr. Fisher: There is just one question I should like to ask the minister at this point. If I brought in an amendment to this particular act next session which would delete the particular subsection which gives inspectors the right to enter and examine mines in respect of whose production this subsidy is paid, would the minister support that amendment, or would he see no good in an amendment to this particular section of the act?

Mr. Comtois: I will consider and study the matter.

Item agreed to.

Dominion observatories—

208. Construction or acquisition of buildings, works, land and equipment, $67,975.

Mr. Fisher: I just wanted to say one word about this, and I will be very brief. I was most impressed, as one who has checked over the publications of the various parts of this department, to see what has been accomplished by the staff of the dominion observatory, with a very limited establishment in comparison with some of the other branches. Though they are working in an esoteric field in comparison to some of the other divisions, they are turning out some excellent papers and seem to have a real conception of the duty of scientists to publish material on topics which are current and also on general theory. I would just like to compliment this particular branch on that achievement.

Item agreed to.

210. Polar continental shelf project, $567,849.

Mr. Pickersgill: I should like the minister to tell us briefly what this project is.

Mr. Comtois: This is a program which is part of a larger program of Canadian research. There is a very long explanation, and if the hon. member for Bonavista-Twillingate wants the whole story I will try to give it to him. It is up to him.

Mr. Pickersgill: Perhaps I could simply indicate to the minister what I would be interested in knowing. Has this project anything to do with explorations for oil?

Mr. Comtois: No, Mr. Chairman.

Mr. Pickersgill: And the minister knows nothing about the applications for permits in relation to the polar continental shelf?

Mr. Comtois: No, Mr. Chairman.

Item agreed to.

Dominion Coal Board—

211. Administration and investigations of the dominion coal board, $121,925.

Mr. Pickersgill: Normally there would, I think, be a very long debate on this subject, but as the minister knows the question of coal has been debated a good many times this session. However, I would not want it to be thought that we in the opposition, especially those of us who represent the Atlantic area, were overlooking the interests of the people engaged in this industry which is having such a hard time.

I think if the minister could tell us briefly what the prospects of the industry are for 1960—whether he thinks production in 1960 and the possibility of marketing that production will exceed what was experienced in 1959—the committee would be indebted to him; and if the hon. gentleman could also tell us how soon this coal inquiry which has been promised by the government is likely to be started, I am sure he will get his estimates through very quickly.

Mr. Comtois: Mr. Chairman, would it not be better to consider the supplementary estimates of the department at this time before dealing with the coal board?

Mr. Chevrier: That would be satisfactory to us.

Some hon. Members: Agreed.

The Chairman: Shall item 211 carry?

Mr. Pickersgill: I thought it was understood that we would stand this item and take the supplementary items first.

Item stands.

Administration services—

537. Departmental administration—further amount required, $49,005.

Mr. Dumas: Mr. Chairman, how many people are involved with respect to the salaries under this item?

Mr. Comtois: Six, Mr. Chairman.

(Translation):

Mr. Pigeon: I have noticed that the explanatory text on geographical and topographical maps is in one language only. Could the minister consider the possibility of having maps printed with bilingual legends and captions?

Mr. Comtois: Mr. Chairman, in answer to the question of the hon. member for Joliette-l'Assomption-Moncalm (Mr. Pigeon), I might tell him that the legends and text on topographical and geographical maps, etc., prepared by the department, have always been printed in English, except on maps published for the province of Quebec. That anomaly has been pointed out to me, and I have given instructions that, henceforth all topographical and geographical maps carry legends in both French and English. I cannot tell the hon. member if that work has already started, but instructions have gone out that in future those maps show bilingual legends.

(Text):

Item agreed to.

Geological survey of Canada—

542. Administration, operation and maintenance—further amount required, $112,000.

Mr. Pickersgill: Mr. Chairman, in these geological surveys, and indeed in other surveys where students are employed, is an effort made to employ students from all parts of Canada? Could the minister tell us how many students from Memorial University have been employed?

Mr. Comtois: I can obtain that information for the hon. gentleman, but I do not have it here. I can only say that this summer approximately 200 students, in round figures, were employed during the holidays.

Mr. Pickersgill: I am particularly interested in the number employed from Memorial University. Many of these surveys are done in Newfoundland, and I am wondering if any effort was made to employ students from Memorial University?

Mr. Comtois: I shall obtain that information with pleasure and give it to the hon. gentleman.

Item agreed to.

Mines branch—

543. Administration, operation and maintenance—further amount required, $157,825.

Mr. Dumas: Does this cover increases in salaries and wages or salaries and wages of new employees?

Mr. Comtois: The amount last autumn was underestimated. It is for the general staff.

Item agreed to.

Dominion Coal Board—

211. Administration and investigations of the dominion coal board, $121,925.

Mr. Southam: Mr. Chairman, I should like to say a few words in support of the lignite coal industry of Saskatchewan, and especially on behalf of the Great West Coal Company and the Saskatchewan Coal Company Limited, operating in the Estevan area in my constituency of Moose Mountain. The problem to which I am about to refer arises as a result of the 17 per cent freight rate increase last December. I feel that I should protest against the exclusion of lignite coal from the subsidy relief proposed by Bill No. C-38, and ask for relief against the increase in rates of 22 cents per ton on lignite coal authorized by order No. 96300 of the board of transport commissioners for the following reasons.

First, the lignite industry is faced with fierce competition from the new natural gas industry in its principal markets, and its very existence is threatened by the drastic price increases and anticipated loss of business to natural gas resulting from the freight rate increase.

Second, the lignite industry has not received any benefit from subventions comparable with that conferred on other branches of the Canadian coal industry.

In the third instance, lignite coal is a low value commodity subject to a comparatively short haul, but has received no relief from any of the successive flat per ton increases imposed on all coal in post-war years.

I should like to give a brief description of this industry in our area. Lignite coal is strip mined near Bienfait, Saskatchewan. A fairly constant production of slightly over 2,200,000 tons has been maintained since 1950. The principal markets are for industrial uses in the Winnipeg area. More than 70 per cent of the coal sold in the Winnipeg area is lignite. Other markets are in the Regina and Brandon areas, and certain pulp and paper plants at

Kenora, Dryden and Fort Frances in Ontario. Lignite coal possesses a substantial market advantage as a low cost fuel located near its principal markets, only 280 miles from Winnipeg and 155 miles from Brandon.

In the post-war years the domestic house heating market has been pre-empted by fuel oil and latterly, to some extent, by natural gas. The industry by vigorous salesmanship, which included assistance to industrial users in the installation of proper heating plants, was able to develop an industrial market more than replacing the lost domestic market.

Concurrently the companies have invested more than $5 million in new equipment since the war. As a result of mechanization and technological improvements, the industry has been able to absorb successive wage increases, and has raised the mine price of coal by only 10 cents per ton since 1948. The present mine price averages $2 per ton.

I wish to compliment the minister, who I believe visited my constituency not too long ago and addressed an organization representing the coal industry there. The reports I received from the constituency indicate that the minister left a very good impression with them. I trust that he came away from that area in Saskatchewan with a favourable impression of it. While there I believe he inspected the operation of the machine known as Mr. Klimax, one of the largest strip mining machines on the North American continent, which is of assistance in rendering more economical the mining done there to have the product compete with other competitive fuels.

The lignite industry by its vigorous salesmanship and technological initiative has been able to maintain its position notwithstanding the competition of premium fuels in the post-war years. Its existence is now threatened by drastic increases in transportation expenses which it is powerless to control.

Another interesting sidelight in the lignite picture is that its position is good and will continue that way as long as industry survives. Expert studies such as the Gordon commission report agree that the outlook for Saskatchewan lignite is satisfactory. It is a low cost fuel located near industrial markets. Of particular importance is the growing demand for thermal power. Saskatchewan lignite is in a position to satisfy the demands of large thermal power stations erected or to be erected by Manitoba hydro at Brandon and Selkirk. If transportation costs can be held in check, lignite could supply the thermal power in these installations in preference to natural gas. On the other hand, even though the long term demand for lignite might be assumed to be satisfactory, it will avail little if the producing companies are not able to maintain their present markets and survive to enjoy it.

However, with reference to natural gas, which has sprung up in the area just in the last two years, since the greater part of the lignite market is industrial it is extremely vulnerable to the competition of natural gas. It is a well known feature of the natural gas industry that gas is offered for sale to industrial users at low prices in order to build up volume in a new natural gas pipe line or distributing system. As and when higher prices in the domestic markets are developed, low priced gas ceases to be available for industrial users. All proper steps should be taken to prevent the lignite industry from being destroyed by the initial competition of natural gas so it can survive to enjoy the brighter future which expert opinion predicts is in store for it.

Already some large accounts have switched from lignite coal to natural gas. As an example, one paper mill representing something like 5 per cent of the industry's total production has been lost. The industry could not survive many losses of this order. While the lignite industry is fighting to maintain its position, its competitive strength is gravely weakened by uncontrollable increases in transportation costs. The last 22 cents per ton increase is the equivalent of almost 2 cents per m.f.c. of natural gas. The failure of the lignite industry at this critical stage to obtain any relief from the recent increases will, it is feared, have an adverse effect on its customers and further strengthen natural gas competition.

Subventions do not apply to major lignite coal movements. This is something I was surprised to find out. While the lignite industry supports the aid extended to other branches of the coal industry in the form of subventions, it receives little assistance itself. In round figures, only 275,000 tons out of the total of 2,200,000 tons produced by the lignite industry benefit from subventions. The amount paid to the lignite industry was $247,000, or less than 85 cents per ton, subject to subvention. This is the tonnage delivered to pulp and paper mills in northwestern Ontario. The bulk of the industry's sales, which occur in the provinces of Saskatchewan and Manitoba, do not qualify for subvention.

The substantial subventions paid to other branches of the coal industry have been referred to as one reason for not extending the benefit of the freight rate subsidy act to coal. The Minister of Transport on April 9, 1959, referred to subventions as follows, at page 2394 of *Hansard*:

> Assistance to coal and coke is given in the form of subventions, and to show how those subventions have been increased, for instance, during the past two years, I will give the comparative figures

for the years 1956 and 1958. In 1956 the average subvention paid per ton was $2.67. In 1958, the average subvention per ton was $3.15. This shows that there has been an increase of 48 cents per ton during those two years, or an increase of 18 per cent.

Subventions paid during the calendar year 1958, by regions were as follows: In the maritime regions, that is in the provinces of Nova Scotia and New Brunswick, the amount was $8,546,041. In the western region, that is the province of Alberta and the Crowsnest area of British Columbia, the amount was $667,000.

On March 17 last the Prime Minister announced in the house that the federal government would pay an additional $500,000 in the form of subsidies to maritime coal this year. The government also recently announced the payment of an additional 50 cents per ton on 100,000 tons of Alberta coal which was being shipped to Japan, and this additional subvention was paid to make possible the sale of that quantity of coal.

The extent of present and future subsidies payable for maritime, Alberta and British Columbia coal overshadows the small subventions paid on lignite coal. In addition, the average subvention paid per ton is more than three times greater than the subvention paid on the small tonnage of lignite coal subject to subvention.

It would seem unfair to deny one branch of the coal industry relief from freight rate increases because of the special subventions paid to another branch. Moreover, it might appear advisable in the national interest to attempt to maintain the lignite industry in a reasonably sound economic position by the extension of the general freight rate subsidy to it. This alternative would appear more attractive than attempting later to shore up a near broken industry by subventions and other measures of special relief.

I suggest, Mr. Chairman, that the last freight rate increase may be the straw that will break the camel's back in that particular part of the coal industry, and I am quite familiar with the problem because I have been working on it. I would strongly urge the Minister of Mines and Technical Surveys to give the problem of the Saskatchewan lignite coal industry very serious consideration.

Mr. Pickersgill: Is the minister in a position to answer the questions I put to him?

Mr. Comtois: Will the hon. member repeat his questions?

Mr. Pickersgill: I asked two questions. The first one was, what did the minister think the prospects were for next year in the coal industry in Nova Scotia? Does he think production will be greater next year than this year, and do the marketing prospects look better and also the employment prospects? Can the minister assure us that there are not likely to be any lay-offs? The second question was, can the minister tell us how soon the inquiry promised by the government is actually going to be set up?

Mr. Comtois: Mr. Chairman, the production for 1958 was 11,687,000 tons. For 1959 we estimate that the production will be around 11 million tons. I cannot give an estimate for 1960, of course, but I do not think there will be an increase.

Mr. Pickersgill: Does the minister think there is any hope of maintaining that figure?

Mr. Comtois: Yes, there is hope of maintaining that figure.

Mr. Pickersgill: Can the minister say anything about when this inquiry will be set up?

Mr. Comtois: I cannot tell but I might say that we had a meeting very recently and the whole matter is under study. I think action will be taken on the matter very shortly.

Mr. Pickersgill: Soon after prorogation?

Mr. Comtois: It depends on prorogation.

Mr. Pickersgill: One other question for the minister. Has he any figure—I am not going to press him if he has not—for coal production in Nova Scotia in the last 10 years or thereabouts? If so, can he make it available?

Mr. Comtois: Yes, I have them here. I might table them now.

Mr. Pickersgill: Could we have them inserted in *Hansard*?

The Deputy Chairman: Has the minister unanimous consent of the committee to place these figures in *Hansard*?

Some hon. Members: Agreed.

[*Editor's Note: The figures referred to above follows:*]

Output of coal in Nova Scotia mines—figures given in net tons (as published by the dominion bureau of statistics).

1950	6,478,405
1951	6,307,629
1952	5,905,265
1953	5,787,026
1954	5,842,896
1955	5,731,026
1956	5,775,025
1957	5,685,770
1958	5,269,879

N.B.—The total given for 1956 does not include 802 tons recovered from dredging operations.

Mr. MacEwan: Mr. Chairman, I have a few remarks on this matter. Like the hon. member for Bonavista-Twillingate, members on this side of the house are certainly not overlooking the coal industry which is so important to our province and the Atlantic

area. It cannot be said that the members on this side are overlooking it, as I have said. We have support from the government members from Cape Breton North and Victoria, Cape Breton South, Inverness-Richmond, and others, and we are pleased with the steps taken by this government in this matter, which are the result of the submissions of the members on this side of the house.

I would like to congratulate the minister and the government on the increases in subventions which they have made possible, as shown by the estimates, and which have come at an important time to assist in the gaining of additional markets in upper Canada; also the payments, as shown in the estimates, to be made under the Atlantic Provinces Power Development Act.

Coal, as we all know, is fighting for its life, but it will come into its own, as was stated a short time ago by the chairman of the dominion coal board. But what is necessary is for the largest producer in the area, the Dominion Coal Company, to lessen its costs so as to be competitive in the market for fuels which exists today. We hope this will be carried out by this company, and that with the co-operation of all those upper Canadian markets, particularly the thermal plant in those areas, will be covered. I submit that we need a long range program to assist in keeping our present markets and achieving new markets. I understand that an announcement will be made in due course by the government as to a royal commission or inquiry of some type into the coal industry and I would suggest that in that inquiry attention be paid not only to the largest producer but to the independent producers in Nova Scotia, the Atlantic region generally and my own county of Pictou.

In the county of Pictou we have three mines in operation now, whereas several years ago we had six or seven. One thing I should like to see in the future, if possible, is the sending of more of the production of Acadia coal owned by Dosco from the MacBain mine at Thorburn for use in the upper Canadian markets with the help of the subventions which are possible under the estimates. These subventions are paid only on certain types of coal, of course, and part of the production from this particular mine could come under these subventions.

Announcement has been made that a new mill will be started in the Canso strait area and it is hoped that it will be completed within the next two years. It is hoped that the construction of this mill will assist in increased consumption of power from the thermal power plant at Trenton which is in my constituency. I should like to take this opportunity to congratulate the committee on mines, forests and waters for their recommendation to increase the amount payable under the Act to assist producers of coal in Canada. There may be need of a change in the act in order to provide for assistance before too long if a responsible company or party in my own county should come forward with the idea of opening a mine in the Westville area. If the company is a responsible one I believe that the government of Nova Scotia will help in the endeavour.

I have gone over the act providing for assistance to producers of coal in Canada and have looked into the matter as a lawyer, but I am not quite sure whether or not it covers new mines, in any event, if a competent company comes forward I believe that this government, on the basis of the submission of the government of Nova Scotia and the submission of the company, will certainly amend the act to make it possible for the company to obtain money to carry out this project. A new mine in the Westville area has been talked about for a long time and submissions have been made by the industrial committee within the area which includes representatives of business, labour and various other groups. At the last convention of the United Mine workers of America held in Truro a recommendation was made that a new mine be established in Pictou county.

A submission was made by the Canadian Labour Congress, accompanied by officers of the independent unions at Greenwood in Pictou county and the Drummond mine at Westville for the opening of a new mine. I recall that I spoke on this matter at I believe the first session of parliament which I attended which commenced in October, 1957. I repeat that any commission or investigation must look into the matter of coal mining particularly in the Atlantic area by considering a long range program and also looking into the situation of the independent producers in Pictou county and throughout the province of Nova Scotia. I would point out that formerly we had roughly 2,000 employees working in the coal industry in our county and today we have approximately 500 employed in three mines.

I should like to state that we appreciate very much the help given by the federal government as shown in the estimates for the Atlantic provinces thermal power plan, and a large extension of the thermal plant at Trenton in Pictou county has been in progress for some time. I notice in the press that the grid system between the provinces of Nova Scotia and New Brunswick is now being completed and I hope that as more

power is used more coal will be used, particularly in the thermal plant in my own area. The idea when the legislation was passed at the first session in 1957 was to provide cheaper power for new industry and thus help the coal industry.

Other industries are being introduced in our area and at various other places in the province of Nova Scotia but it will take time and effort to attain the necessary objectives of the plan. I would submit and recommend that the coal industry must be preserved for the sake of the families and the communities of those areas where coal mining has decreased over a number of years. We must preserve our present industries as well as introduce new ones.

Finally, the minister visited my area and the province of Nova Scotia generally last year. He travelled around and saw the bankheads although he did not go down in the mines. He spoke to officials and labour in Pictou county and has first-hand information about the problem. I know that he will give every consideration to the recommendations and suggestions I have made.

Mr. Pickersgill: I should like to say one more word. While no one on this side objected and, indeed, we supported the increase in the subventions to help meet the crisis in the coal industry, it does seem to me that the constructive way to deal with the long term coal problem is certainly not to pay large sums out of the treasury to transport coal to central Canada in order to build up industry in central Canada. If these large sums of public money are going to require to be spent over any long period, and I am sure they will be over quite a period, in order to maintain and ultimately to improve this industry, it seems to me there are two much better channels into which the money could be directed and I hope that the inquiry will look into this matter.

The first is the use of coal right at the pithead to develop power so that more industry can be located in these Atlantic provinces. The second is to accelerate research as I think we should have done when we were in office. I say that quite openly, but the fact that it was not done is no excuse for not getting ahead with it now. We should accelerate research on a very large scale into new uses for coal because, if I may raise a very contentious point, I think if anybody will read fairly and objectively Mr. St. Laurent's famous speech—perhaps I should say "notorious"—at Fredericton in 1957 he will see that Mr. St. Laurent was absolutely right and that he had a real vision about this matter when he said that coal was going to be very much more valuable for its chemical properties before too long than as a fuel.

Item agreed to.

DEPARTMENT OF FISHERIES

General services—

127. Departmental administration, $398,000.

Hon. J. A. MacLean (Minister of Fisheries): Mr. Chairman, I want to say that this is a time I have been looking forward to for many weeks and I am very pleased that it has eventually arrived. It is not my intention, however, to make a long statement because the committee on marine and fisheries made quite an extensive and exhaustive examination of the estimates of the Department of Fisheries and of the administration of the department. For those members of this committee who are not familiar with the membership of the standing committee on marine and fisheries, I want to assure them that all parties were represented on that committee by men who are thoroughly familiar with some phase or other of the fishing industry and between them had a very large and comprehensive knowledge of the fishing industry on both coasts and the inland lakes in all its phases. I must say their activities in that committee were most constructive. I should like, however, at this time to make a few general comments on the state of fishing in this country over the last year or so.

Last year was a highly profitable one for the British Columbia fishermen and also produced satisfactory results for most sectors of the Atlantic coast industry. The brightest feature of the Pacific coast industry was the near record catch of sockeye salmon. This came to 74 million pounds, worth $20 million. There had been high hopes for the dominant Adams river run, but even the most optimistic predictions of the scientists were surpassed. The total pack of canned sockeye was 1,100,000 48-pound cases and this was just short of the all-time record made in 1905. It came to more than half the pack of all species of salmon which reached 1,900,000 cases. However, the average prices paid to fishermen for sockeye and the reduced supply of pinks were slightly below 1957 levels. However, the total of all salmon landed, 181,300,000 pounds, represented an increase of 49,400,000 pounds over the 1957 catch and brought a record landed value of $37,100,000.

The 1958 Pacific halibut fishery also showed an improvement over 1957, both in quantity and value. Canadian fishermen landed 28,900,000 pounds, 5,100,000 pounds of this in United States ports. The catch was 3,800,000

pounds higher than that of 1957. The average prices received by fishermen also were considerably better. The west coast herring industry resumed normal operations in June, 1958, after a month long strike had been settled. To sum up the British Columbia operations, the total landed value of all seafish and shellfish taken there in 1958 reached $52,300,000, $21½ million more than in 1957.

Atlantic coast fishermen as a whole had a satisfactory year in 1958, their total landed value reaching $51,400,000. This was roughly an increase of $1 million over the previous year. The total value of the east coast catch comprised roughly 50 per cent of the total for our sea fisheries.

However, although results on the whole were satisfactory, the results achieved by fishermen in the Atlantic provinces were mixed, especially in the principal groundfish species, cod and haddock. The main cause of disappointment was the Newfoundland trap net fishery, which came to an end at an unusually early date when the feeding cod left inshore waters. The supplies of fish for salting and drying were affected by an acute shortage of squid for bait, which imposed limitations on line fishing. My department was able to alleviate this shortage to some extent by purchasing supplies of bait from outside Newfoundland. These were handled by the department's bait service.

In Newfoundland, the production of frozen fillets was not substantially affected by the failure of the inshore cod fishery. The offshore catches of cod and haddock in all the Atlantic area were lower than in 1957 but some cod supplies were diverted from the salting industry to the freezing plants. There were increased quantities of redfish, pollock, plaice and mixed flounders in all five Atlantic provinces for processing into fillets, blocks and slabs, and frozen fish production for last year rose by six million pounds to a total of 149 million pounds.

Lobster fishermen in the maritime provinces, Quebec and Newfoundland took 42,800,000 pounds of this valuable species, which was a drop of 1,900,000 pounds from 1957. However, prices were generally higher in 1958, and rose even more sharply during the early months of this year when stormy weather reduced the catch. The landed value of lobster last year came to $15,900,000, which was 31 per cent of the total for all species.

On both coasts, the primary fishery made further advances last year in securing more efficient catching equipment. There were improved versions of the well proven gill netters, seiners, draggers, longliners and other types of vessel, and in addition there were more combination or multipurpose fishing boats brought into service. The construction of processing facilities in certain areas, whose fishery resources had been underexploited before, helped to stimulate vessel construction.

There were some minor marketing problems last year but in general it was a good year from the standpoint of sales. Stocks were normal when the important summer fishing season began and there were good export sales throughout the year. These, together with moderate levels of production in most sectors, maintained a satisfactory balance in the industry. Canned salmon and salted cod, however, presented temporary problems.

The tremendous catch of sockeye that I have already mentioned was a bonanza for the canning industry as well as the fishermen. The packers, nevertheless, faced the prospects of heavy carrying charges on their investment. Fortunately, the government of the United Kingdom was able to announce at the commonwealth conference last September that canned salmon was to be placed on open general licence. Importers in the United Kingdom immediately contracted for the greater part of the sockeye pack, about $26 million worth, leaving 300,000 cases to be sold in Canada.

Moderate stocks of salted cod had been carried over from the 1957 production into the 1958-59 marketing year, but these were soon disposed of, and the drop in last year's production compelled Canadian saltfish exporters to ration their traditional customers in the Caribbean area and southern Europe. Increases in the controlled prices for salted cod were granted by the governments of Puerto Rico and Jamaica toward the end of 1957. This fact, together with the short supply position which existed in most saltfish producing nations last year, led exporters to ask for higher prices on the 1958 production also. Some markets accepted moderate price increases but others, notably Jamaica, did not.

The United States market for frozen fish strengthened from the spring of 1958 on, partly because of a further recovery in fishstick production and the rapid growth in popularity of the fish portion, TV dinners and modern packs of that sort. The strong demand, coupled with the moderate level of frozen fish production and stocks in Canada and the United States last year, brought higher prices which meant increased returns to Canadian fishermen.

Taken altogether the total value of Canada's exports of fish and fishery products achieved a new high in 1958, $155 million, an increase of $22½ million over 1957. Canned salmon contributed the major part of the increase.

I might say in closing that prosperity in the Canadian commercial fishing industry in 1959 will depend to an important degree on the competition in the foreign countries where roughly two-thirds of our production is marketed.

While it is difficult to forecast the future, certain trends appear to be developing. There are indications, from what information is available on the winter cod fisheries of Iceland and Norway, that those countries are reducing their production of salted cod this year. The trawler fishermen of France, Portugal and Spain also are known to be less than optimistic thus far about their 1959 production. There is reason, therefore, to expect that the Canadian salt fish industry will be able to market a normal season's production during the coming year at ruling prices.

On the other hand, Portugal and Spain are increasing and modernizing their fishing fleets and gradually are reducing their requirements for imported salt cod. In Latin America, Cuban interests, after several years of uncertainty, established a small salt fish industry last year, with the hope of reducing their country's dependence on foreign supplies. Efforts to regain a reliable market for salted cod in Brazil continue to face substantial obstacles.

However, I might say that in the long view there is almost inevitably going to be an increasing demand for fish products. As the population on this continent especially increases people will of necessity and through choice, when they learn of the benefits of including more protein from the sea in their diet, create an ever increasing market for the products of the sea. I feel that in the years to come these products will take a place of ever increasing importance in our general economy.

Mr. McWilliam: Mr. Chairman, the committee thanks the minister for his statement which presented a very good over-all picture of the Canadian fishing industry last year and what the department hopes for in the year to come. The minister's statement to the committee once again, in my opinion, left the members with the view that the minister is trying to do the best job possible for the fisheries.

On the whole, the administration of the fisheries department is considered to be very good. The Newfoundland bait service left something to be desired this year and last year and the matter of the availability of lobster bait this year in many parts of Nova Scotia and New Brunswick caused concern at the start of the season. The loss of fish export markets, particularly for Newfoundland, has had adverse effects on the fisheries of that province. I feel that I should state here, however, that markets are primarily the responsibility of the Department of Trade and Commerce. Nevertheless, that fact should not lessen the efforts of the Department of Fisheries in respect of markets for fish.

The minister's statement before the marine and fisheries committee gave a resumé of existing conditions which assisted materially in the discussions of that committee. In passing, Mr. Chairman, may I say that I wonder why the word "marine" appears in the title of the committee on fisheries. Having regard to the many and varied problems that face the Department of Fisheries, both new ones and continuing ones—some which require negotiation with other countries, others that are complicated as between provinces; also problems within local fishing areas—the minister and his officials both here in Ottawa and in the field are, I am sure, deserving of appreciation and credit for their efforts and their desire to bring about the best possible solution under existing circumstances and in many cases complex aspects.

My opening remarks prompt me to state once again—and this is a personal view—that the status of the Department of Fisheries should be raised. The departmental estimates should be increased toward accelerating and expanding this most important department of government. As conditions and markets change in other industries, so do conditions and markets change in the primary industry of fisheries. These changes demand more research, better methods of processing and marketing, better methods of production, if we are to produce a product that will warrant higher prices to the trade and at the same time mean a saving to the consumer and a better price to the primary producer.

While efforts to cut down costs in the departmental estimates are commendable and pleasing I am sure to the Minister of Finance in this period of deficit financing, costs should not be cut down on phases of the department's work that require expansion to improve the industry. As the Atlantic provinces' outlook as an industrial area does not appear to hold very bright prospects, emphasis should be placed on fishing and farming in order to help stabilize the economy of these provinces. I trust that the minister will be able to convince his cabinet colleagues, particularly the Minister of Finance, that there is a vital necessity and expediency for an increased share of public moneys to do the complete job for fisheries that is necessary as a safeguard for the industry's future.

It does not take a northern vision to realize what is necessary for the future of the fishing industry. Canada's oldest primary producer has not kept pace with rapid advances throughout the years to the same extent as other industries particularly in terms of financial income to the primary producers and the methods of production and marketing.

In this year's main estimates the total vote for the Department of Fisheries is $19,544,777, a decrease of approximately $269,554 from last year's main estimates. The supplementary estimates recently tabled include further items in the amount of $1,788,090. It is encouraging to note that further moneys will be provided for economics services, industrial development and for conservation services. I trust that there is no sizeable decrease in moneys for essential services this year. If there has been a decrease in any of these votes, outside the major projects mentioned by the minister in the marine and fisheries committee, I ask the minister if he will advise the committee where decreases were made and why.

There is a phase of the department's work about which I wish to make some remarks. The many reports heard from maritime sources—reports heard from reliable fishermen with long experience in both commercial and sport fishing—leave the impression that an exhaustive survey should be made towards instituting a better program of protection and conservation. I am sure the department is aware of this situation and probably has considered plans to extend the present program but is not able to do so because sufficient moneys are not voted by parliament.

The additional information gathered by an exhaustive survey, together with information now in the possession of the department, could be the basis for a comprehensive study of an adequate conservation and protective system. In this connection I make particular reference to conservation and protection for the propagation of salmon and lobster.

The department's staff in the field directed by officials at Ottawa is doing a good job in so far as a good job can be done by a staff inadequate in number. There are many miles of water to patrol, many spawning areas to protect, which cannot be adequately patrolled and protected by a staff that is too few in numbers.

Mr. Chairman, at this time may I make brief reference to the plans of the Department of Northern Affairs and National Resources for very large additions to its staff for expansion in Canada's northland. It is my firm conviction that the development of Canada's oldest industry—fisheries—should hold priority over the development of a part of our country which is sparsely inhabited, and that the inherent rights of those Canadians and their ancestors who have made a great contribution to the building up of this country should not be disregarded when consideration is given to the financial assistance necessary to place the fishing industry on the highest possible plane. The development of Canada's northland is essential. However, it should be developed in accordance with a long range plan to be brought about when the ills of our populated areas have been solved, not at the expense of other parts of the country.

These last remarks, Mr. Chairman, bring me back to something which I have been promoting for years—the need for an expansion in all branches of the Department of Fisheries. The assistance given by governments to western wheat and grain farmers is well known and, may I add, not always understood by people in other parts of Canada. It has been criticized on the basis that similar assistance in a comparable degree is not provided for other primary producers.

I stated previously that the total amount to be voted for the Department of Fisheries in the main estimates for the year 1959-60 is $19,544,777. In comparison it will be noted that according to the figures in the estimates book there are 20 other departments of government which will be voted more moneys than the Department of Fisheries. These votes range from $21 million to $1,750 million. For example, the estimates of the Department of Agriculture amount to $106 million, and here are some other figures: Atomic Energy $32 million; Canadian Broadcasting Corporation, $70 million; national research council, $30 million; northern affairs and national resources, $85 million. As I say, the expenditure is topped by the Department of National Defence with a vote of $1,750 million.

Mr. Chairman, if the members of this house representing constituencies which have fishing interests would join together in an attempt to raise the status of the Department of Fisheries to its proper level and ensure that moneys were made available to do all the things which could and should be done to improve our fishing industry, then a notable service would be performed in the best interests of our country and in the interest of an industry which is essential not only to our national economy but also to the health of our nation.

There are three matters I wish to draw to the attention of the minister at this time. They do not come completely within the jurisdiction of the minister, but they are of direct concern to the fishing industry and in consequence I judge my references to them to be in order under the general item

now under discussion. On June 5, when the estimates of the Public Works Department were before the committee. I requested the Minister of Public Works to have a complete survey made of Miramichi waters in preparation for the construction of small landings and improved facilities, in addition to dredging, to assist the Miramichi fishing industry. At that time I urged the minister to seek the co-operation of the Minister of Fisheries in this task, and I now ask the Minister of Fisheries to make representations with a view to having this survey made. May I suggest, also, that the survey be a physical, on the spot survey, and that information be obtained from fishermen actively engaged in the industry as to the need for facilities. I suggest, also, that the economic branch of the Department of Public Works should not look on these suggested small projects with a jaundiced eye of a hard-shell banker, but that other factors be considered besides the actual dollar return on the costs, because these small landings and other improved facilities will increase the over-all volume and value of the fishery and in a short time results will prove that the expenditures were warranted, to say nothing of the fact that the hard task of the fisherman will in some measure have been alleviated.

Another subject that I wish to raise concerns loans under the Fisheries Improvement Loans Act. Earlier this session when the bill to extend the life of this act was before the house suggestions were made that more extensive advertising should be undertaken in order to acquaint fishermen of the provisions of this measure. I trust that the officials of the fisheries department have urged the Department of Finance to conduct a wider advertising campaign in this regard. I hold in my hand a pamphlet issued under the imprint of the Queen's printer. It outlines the procedure to be followed in making application for the loan, and the last subheading in the pamphlet reads: "See the manager of your local bank or credit union". I had personal experience in this connection in the course of efforts to assist certain fishermen with their applications for loans, and I found that local bank managers had very little knowledge of the act and still less of the regulations, for the reason that they had never been furnished with pamphlets or other data. As a result valuable time was spent in securing clarification from the Department of Finance and from federal fisheries officials.

On the basis of this experience I judge that the same situation exists in many localities, or that it did exist, and I strongly urge that steps be taken, if they have not already been taken since the recent request was made, to forward to banks and credit unions in fishing areas complete information in both official languages about this act.

I wish also to solicit the minister's support of amendments at the next session to increase the repayment period permissible for loans under this act for the purchase or construction of fishing equipment, and I urge the hon. gentleman to make representations along these lines to the Minister of Finance. I hope the act may be amended so that instead of the present three-year repayment term we may be able to take advantage of a graduated plan of repayments over a period up to eight years depending upon the amount of the loan requested. This period of up to eight years is suggested because certain other loans under this act are linked with an eight-year repayment period.

It is not my intention to discuss at this time local aspects of Miramichi fisheries. In the past I have placed certain views on the record. I have discussed local matters with the officials of the departments and I shall have further discussions and correspondence as representations reach me from Miramichi fishermen's association and other interested groups. However, there are two questions about which I wish to make a comment at this time in regard to telegrams which I have received. On July 15 I received the following telegram from the chairman of the fishermen's association:

> Miramichi salmon drift net fishermen are disappointed that after recent disaster lift period was not eliminated but just rotated which is no direct assistance. Drifters now request they be allowed to fish through to August 15 as requested by prior representation from this association. Copy of this wire sent to Hon. Angus MacLean and Hon. R. Pichette. Sgd. H. G. Crocker, chairman.

I also received a telegram this afternoon in this connection. It is dated July 17, and reads as follows:

> Drifters would like you to remind minister setting back of lift period was suggestion of private individual and not their request or that of Hon. Mr. Pichette. With mackerel a failure next two weeks looks grim for these men. Sgd. H. G. Crocker.

I wish now to make reference to the representations recently made by the Miramichi commercial fishermen's association for the advancement of the opening date of the Miramichi smelt fishing season to October 15 from the present date of October 30. I know the minister will give sympathetic consideration to these matters. I appreciate the problems he faces in the conservation of the fisheries. We realize that conservation is of prime importance. I know that the fishermen of Miramichi have an understanding of

his difficulties and they know that whatever decision the minister reaches will be arrived at on sound grounds.

I trust that the future holds a general improvement in the fishing industry and that the Department of Fisheries will get a larger share of the public purse next year to carry out the improvements that are needed and that our lost fish export markets will be regained and new ones promoted.

I wish now to comment on the tragic storm of June 20 that took the lives of 35 Miramichi salmon fishermen and caused extensive damage including the loss of boats and nets and considerable damage to lobster traps. Of the 35 men and boys who lost their lives 13 are accounted for and 22 are still missing. There were several family groups among the fatalities including fathers, sons and brothers. Eighty-three children have been left fatherless. Twenty widows with 83 children have been left with no means of livelihood. Four mothers who were previously dependent on their sons are now left without support. They face a bleak future until their children come of age and can provide support.

A disaster fund is being raised from subscriptions. On behalf of the families and the district I wish to express appreciation for the donations that have been made. The care of the widows and their children will be a continuing problem for many years to come and it is hoped that the disaster fund will reach the required amount.

With regard to assistance for the replacement of boats, salmon nets and lobster traps, I believe this assistance should be provided by the federal and provincial governments at the earliest possible time so the fishermen can get back into the industry at the former level of production.

The Minister of Veterans Affairs, New Brunswick's representative in the federal cabinet, when expressing his sympathy over the tragic storm, said in part as reported at page 4988 of *Hansard* of June 22:

> —everything possible will be done to see that help is given these needy families in the way of restoring equipment and gear.

These were most welcome words which helped to ease the feeling of the stricken families that all was lost.

On June 30, as reported at page 5269 of *Hansard* of that date, I asked the Minister of Fisheries if any plans had been formulated to date toward rendering assistance to Miramichi salmon drifters and lobster fishermen. In reply the minister stated in part that the department provides a subsidized insurance system for fishermen with regard to boats and lobster traps. The minister also stated that in many cases he believed insurance was carried and that in cases where insurance was not carried, that in the event of a disaster of this type the first responsibility rested with the provincial level of government. The minister qualified this statement by saying:

> I am sure that any requests which may come through that channel for assistance would be very sympathetically considered by this government.

It therefore appears that the federal government will assess damages and make payments where insurance was carried and will give consideration to assistance for loss and damage where no insurance coverage was carried upon request from the government of the province of New Brunswick. It is my contention that both levels of government should provide assistance for losses suffered as has been done in other cases and that the disaster fund raised by public subscriptions should not have to be used to replace boats, nets and lobster traps.

The present situation among the salmon drift net and lobster fishermen of the south shore of the Miramichi bay is grim and bleak. Most of the fishermen were in debt for their boats and nets prior to the storm and if assistance is not forthcoming they will be burdened with larger debt and in many cases may not be able to secure the credit to purchase new equipment. Most of the boats, nets and lobster traps that were salvaged are in need of extensive repairs which add to the burden of debt.

If no request has been received to date from the provincial government I appeal to the minister to take immediate steps to contact the provincial government with respect to working out a plan of assistance, as it is vital that no time be lost in deciding what joint action will be taken. These primary producers should be rendered assistance in their hour of need. Hon. members of this committee and Canadians generally are familiar with other forms of assistance granted by the federal government on a great number of occasions in cases where the need was not as great and without attendant tragic circumstances as in this instance.

Preliminary reports disclose that out of 53 boats lost in the Miramichi bay-Northumberland strait area, 23 were covered by insurance under the fishermen's indemnity plan. At this time I do not have the actual number of boats of the Escuminac fleet that were lost and were not covered by insurance but I feel safe in assuming that more than half would not have been covered.

A greater loss in terms of dollar value was suffered in the loss and damage of lobster traps on which, unfortunately, no

insurance was carried. As nets were not insurable under the indemnity plan, a complete loss was suffered on this type of gear. The nets that were salvaged sustained a 50 per cent loss of value and subsequent length of time of usage over and above the cost of repairs.

A temporary formula to provide for the immediate needs of the stricken families has been set up and disbursements are being made from the publicly subscribed relief fund. A permanent formula will be drafted when the total amount of the fund is known. Much more money is needed and further appeals are being made to provide the necessities of life for the widows and children, both for the immediate future and in the years ahead. On their behalf I appeal to the generosity of all who can make contributions, large or small, to do so. Donations will be accepted at any branch of the Royal Bank of Canada.

The Deputy Chairman: I am very sorry to interrupt the hon. member but I am obliged to tell him that his time has expired.

Mr. McWilliam: I have only two or three more sentences, Mr. Chairman.

The Deputy Chairman: Is it the wish of the committee to give unanimous consent?

Some hon. Members: Agreed.

Mr. McWilliam: Thank you, Mr. Chairman. I appreciate the indulgence of the committee. Since the tragic storm, requests have been made for adequate aids to navigation and for an improved system of reporting the weather and in particular advancing storms. The Minister of Transport has given me assurance that he will look into this matter immediately. Many such improvements can be made in the fishing area of Miramichi bay, improvements that would prevent loss of life, the lack of which was brought out so dramatically on June 20.

It is also pleasing to note that the provincial government officials have taken action toward gaining recognition for the acts of heroism that were performed by the fishermen. The acting premier of New Brunswick, the Hon. Mr. Skaling, has already made efforts in this direction.

In conclusion, Mr. Chairman, I again wish to express my deepest heartfelt sympathy to the bereaved families, and I trust divine providence and sympathetic support in some measure will help them in their time of great sorrow, not only in a spiritual way but also in a material way.

I also wish once again on behalf of the constituents I represent to express appreciation to all those who assisted in the search and rescue and to all those who made contributions to the disaster fund; also a special word of appreciation to Her Majesty the Queen and Prince Philip for the gift they made to this fund. It is pleasing to note that arrangements are being made to transport the widows an dtheir children to Pointe du Chene, New Brunswick, to meet the Queen. At that time she can add a personal note of expression to her previous message of condolence.

I wish to end, Mr. Chairman, on a note expressing the hope that nothing will be left undone in the humanitarian efforts that must be put forth by both governments and all others who are able to assist, so that efforts will not be found wanting, efforts that will forever have the deepest appreciation of the bereaved families and all the people of the stricken area.

Mr. Howard: Mr. Chairman, first on behalf of the C.C.F. representation in the house—I am sure I am speaking with a unanimous voice on this occasion, anyway—I would like to express our appreciation not only of the manner in which the minister has been able to grasp the vastly complex problems within the department but of the genial and sincere way in which he always discusses the questions relating to his department. I have the greatest admiration for the minister in this regard. In his spare moments I think he might be able to find some extra curricular occupation by giving some guidance in this matter to such gentlemen as the Minister of Finance and other cabinet ministers. I should also like to express our appreciation of the attitude and of the work conducted by the members of the minister's staff, the scientists, biologists and others who work unceasingly for the promotion of fisheries questions and for the development of our fisheries in Canada and for the consumption of fish by Canadians and others.

As the minister said, these departmental estimates were dealt with rather extensively in the committee, but as I mentioned to the minister when I met him in the corridor one day, he should have arranged to bring his estimates before the house as soon as the committee was over and he would have got them through right away. The longer the delay the more problems arise that require additional discussion.

I should like to make reference to two or three specific matters, and in the process pose some questions to the minister. In the committee's proceedings, if I can make reference to one or two pages as a preface, on Friday, April 10, at page 45, following some discussion about the knowledge of trawlers and other fishing vessels from the

Soviet union which were sighted out in the Pacific and so on, the minister had this comment to make:

> Mr. Chairman, the department has some information regarding Russian trawlers that are now fishing in the Bering sea. Reports indicate that there are about 42 trawlers, six refrigeration ships, a tug and a transport.

Farther on he said:

> As yet, we have no indication that this Russian fleet is fishing any types of fish that are covered by any treaties now in effect.

I have some special interest here in so far as the salmon fisheries are concerned, because it is known there is an intermingling area out in that particular area where the Soviet trawlers were noticed. Can the minister give us any additional information about the activities of those particular Soviet ships that were sighted out in the Bering sea and in other parts? Can he give us the information he has at the moment which might be additional to that which he gave to the committee on April 10? However, there is a problem which might arise out of the activities of fishing vessels in so far as our salmon fisheries on the west coast are concerned? A problem might arise out of fishing vessels which belong to countries which are not signatories to the north Pacific fisheries treaty, such as are Japan, the United States and Canada, if the Soviet union is fishing in waters far from its own shores. Even though at the moment it may not be fishing for fish that we in British Columbia are concerned with; nevertheless the possibility is there because of technological changes and the size of the fish that the Soviet fishermen can take out in the fishing areas which are now restricted to fishing by the Pacific fisheries commission. It is five o'clock, Mr. Chairman.

The Deputy Chairman: It being five o'clock, it is my duty, pursuant to section 3 of standing order 15, to leave the chair to permit the house to proceed to the consideration of private and public bills.

Progress reported.

Mr. Speaker: It being five o'clock, the house will proceed to the consideration of private bills, pursuant to section 3 of standing order 15.

PRIVATE BILLS

Mr. McCleave: Mr. Speaker, I understood there was agreement among the parties that we would proceed with the estimates this afternoon.

Mr. Speaker: Is the house agreeable to waive the hour for private and public bills?

[Mr. Howard.]

Mr. Pickersgill: So far as we are concerned, sir.

Mr. Howard: Do you see how co-operative we are?

Mr. Speaker: By unanimous consent, the period provided by standing order 15, section 3, for the consideration of private and public bills is waived and the house will revert to the business which was interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF FISHERIES

127. Departmental administration, $398,000.

Mr. Howard: There is a problem, Mr. Chairman, that could arise not only from the soviet fishing boats but, as indicated in the committee, from fishing boats that might come from the mainland of China which could be fishing in the intermingling area where salmon from the British Columbia coast and the British Columbia rivers spend a great deal of the time of their younger and maturing life. The only thing now which prevents Canada, the United States and Japan from fishing in that particular area, as was pointed out in the committee, is that we have no jurisdiction over the area nor does any other country. It is the high seas and they are completely open. I believe it would be well worth while for the department in conjunction with the Department of External Affairs, if they have not already done so, to start laying the ground work for discussions and consultations with other nations on the Pacific who might be engaged in the salmon fishing industry in order to protect as much as we can our own fisheries in the province of British Columbia. I am sure that other countries would be equally as interested.

However, if the Soviet union and the Chinese get to the stage of having boats of the required size, become interested in fishing in this area and are allowed to move in there and fish and catch immature salmon, British Columbia salmon spawned in the rivers of that province, we may find it will have a very detrimental affect upon the development of the fishery and increasing the numbers of salmon. I will not say that it will ruin our salmon fishery completely on the west coast but it could have a very detrimental effect.

I hope that discussions of this nature are under way at the international level to ensure that the conservation methods we have practised in conjunction with the United

States and Japan under the north Pacific fisheries commission will be followed by other countries who may be interested in fishing there and so that these countries will be able to participate in a new treaty or an expanded treaty providing that conservation practices will be followed by all countries that may want to fish in that particular area.

We had some discussion in the committee with respect to transferring part of the jurisdiction now in the hands of the Minister of Agriculture with respect to the administration of the Cold Storage Act with the idea of the Minister of Fisheries having under his jurisdiction that part of the administration having to do with the provision of cold storage facilities for fish or, on the other hand, the introduction of new legislation to give him that jurisdiction. There might then be a little more consideration given to fisheries cold storage facilities than is now being given under the Department of Agriculture. In this regard I should like to remind the minister of what he said in the standing committee. I want to place his remarks on *Hansard* as close as possible to the remarks which I hope he will make in this connection. As found in the proceedings of the standing committee on marine and fisheries, page 68, the minister had this to say. I will not read all of his comment but only the latter part having to do with cold storage for fish. He said:

> However, I can say that it certainly will be considered. I appreciate the members of the committee raising this question because it appears to have merit which at least makes it worthy of consideration.

The minister was dealing with the cold storage question. It will be recalled that the same matter was raised on the estimates of the Department of Agriculture and the Minister of Agriculture said he would take it under advisement and engage in some sort of consultation with the Minister of Fisheries. I would appreciate some indication from the minister as to the progress of these consultations and when we may expect the transfer to take place in order that those engaged in the provision of cold storage facilities for the fishing industry will receive better consideration of their applications for subsidies than they have had from the Department of Agriculture since the minister now in charge took office.

I should also like to comment on one other specific matter connected particularly with the Fraser river which is the most important fish river in British Columbia. Quite a controversy has raged in the past few years which is erroneously referred to as the fish versus power controversy. There are interests in British Columbia who want to develop the Fraser river for power purposes and have wanted to do so far quite a number of years. So far the fisheries department has been able to convince those interested in developing the Fraser that if they do develop it for power purposes they will ruin the river so far as fishing is concerned and the results will be far more detrimental than beneficial.

In this regard a couple of articles have come to my attention which have appeared in various publications. One appeared in the October, 1958 issue of *The B.C. Professional Engineer*. The article is entitled, "Multiple Purpose Development of the Fraser River Basin". It is written by Mr. Val Gwyther, professional engineer, who refers to himself as a member of the Fraser river multiple use committee. That is a very imposing title. One would think that it was a rather responsible committee but the Fraser river multiple use committee is financed by the B.C. Electric Company which is primarily interested in developing hydroelectric power and not too interested in fish.

I submit that Mr. Gwyther, who is a civil engineer, may know his civil engineering but he knows relatively little about fish biology. It is unfortunate that this type of erroneous propaganda which is being disseminated by Mr. Gwyther and the left arm of the B.C. Electric Company, the Fraser river multiple use committee, is receiving the publicity that it is. These are not my own thoughts on the matter. Comments were made about this particular article in a letter written to Mr. Gwyther by Mr. Milo Moore, director of fisheries at Washington. Part of that letter is reproduced in the publication of the fisheries association of British Columbia for March, 1959. With regard to Mr. Val Gwyther's attempt to promote the interests of the B.C. Electric Company, Mr. Moore says:

> The statements you made in your recent speech regarding the fish handling facilities are not correct when you state . . . high survival; in fact, no mortality.

Then there is this quotation from Mr. Moore's letter as reproduced here:

> If we are to receive the full confidence of the general public for our program, the above type of publicity must be curtailed as much as possible.

These are not my words. They are the words of a person who has spent quite a number of years in fisheries work. The B.C. Professional Engineer, which published this article by Val Gwyther, also published another article which appeared in the March, 1959 edition, by Mr. C. H. Clay and Dr. P. A. Larkin, both of whom have been engaged in fisheries projects with the Department of Fisheries and with the University of British

Columbia. Their article contradicted the erroneous information given by Mr. Gwyther. It is unfortunate that the editorial board of the University of British Columbia alumni *Chronicle* should have been sucked in by this Mr. Gwyther and carried in a recent edition of their publication an article by the same gentleman setting forth the same type of false ideas which, if accepted, would lead to the ruination of the Fraser as a fish river.

In this regard I inquired of the minister in the house a few days ago whether this had been drawn to his attention and I discovered afterwards that some people had interpreted my remarks to mean that the minister should engage in some sort of censorship and be in a position to direct the U.B.C. alumni *Chronicle* as to what they should or should not publish. This, of course, was not my intention. I read the words over again and I still could not read that interpretation into them. All I was attempting to do then was to wonder whether or not the minister could arrange to request the U.B.C. alumni *Chronicle* to make a similar amount of space available for an article similar to that written in the B.C. Professional Engineer, Dr. Larkin and Mr. Scott, in order to get the side of the picture across which supports the thought that fisheries are more use than hydroelectric development.

It is unfortunate, too, that a publication of the stature, and a responsible one at that, of the U.B.C. alumni *Chronicle* could be used for the purpose of publishing an article by a person who, judging by the comments made, has relatively little knowledge of the biology of fish. I understand that the U.B.C. alumni *Chronicle* will agree to publishing an additional article later setting forth the point of view that supports the fishery. I am not the only one who was upset over these articles which appeared in the U.B.C. alumni *Chronicle*. Mr. James Sinclair, who was formerly minister of fisheries and who is now president of the fish association of British Columbia, has also indicated his displeasure at this particular article, as has Senator Tom Reid, who is chairman of the international Pacific salmon fisheries commission. These are two very responsible and respected members of society in public life who have taken a large interest in the fisheries question for a number of years. I hope that through their efforts and through the efforts of the Department of Fisheries, such misleading, erroneous and incorrect articles as Mr. Val Gwyther has written under the auspices of the Fraser river multiple use committee, which is nothing more than an organization financed by the B.C. Electric Company, will be counteracted. I hope we will be able to get across to the general public a more correct impression of the fish and power question.

Mr. Tucker: Mr. Chairman, now that consideration is being given to fisheries I can avail myself of this opportunity to study the over-all picture in connection with this subject. The particular consideration we give to this matter must be applied more specifically to those provinces wherein the fisheries play such an important part in their economy and way of life. I refer primarily to the Atlantic provinces, and in particular to the province of Newfoundland.

The encouragement and assistance given to the fisheries of Newfoundland over the past 10 years have been all too inadequate to keep abreast of the times and to make returns profitable for those engaged therein. The establishment of much needed bait depots and freezing plants has been too long delayed, and they have not been established in the proportion required by the fishing population. Give us the tools and we will do the job is a phrase that could be aptly applied to the fisheries of Newfoundland. The government of Canada has not supplied the necessary tools.

I believe, Mr. Chairman, that unemployment insurance as it applies to fishermen should be reconsidered and a new scheme should be developed. At present, under the Unemployment Insurance Act the benefits to fishermen are uncertain and artificial because in years when the fishery is good the fishermen can qualify for good benefits but in poor seasons when the fishermen need help the most unemployment insurance benefits are small. Unemployment insurance should be supplemented by some provision like the prairie farm assistance to meet failures in the fishery.

Newfoundland will always be in the fishing industry and all the new processes for offering this fish for sale in the markets of the world still depend primarily on the fish being caught and made. This catching and making of the fish is the point at which new methods and new approaches are required. This problem should receive early consideration from the federal government because we cannot have a prosperous Canada without having a sound and practical means for having a good fishery each year.

The fisheries of Canada need help in finding methods that are practical and cheap for catching and curing the fish. The methods used in Canada today are too expensive, and we need to produce the finished product much cheaper. Canadian fish are sold in the markets of the world, and these markets should be explored and expanded and new

outlets for the sale of our fish should be secured. In short, our fisheries need a complete overhaul in order to place them on a sound commercial basis so that extra Canadian capital could be encouraged to invest in our fisheries.

Unless and until the federal government shoulders its responsibility and shows the way, private interests will not take the lead in investing the capital that is needed to help expand this most important aspect of our economy. The fisheries, therefore, will always remain with us as a very uncertain means of livelihood for so many of our people. I would suggest that the federal government give early and earnest consideration to further assistance to the fisheries, and that a full investigation into our fisheries be made forthwith with a view to making our Canadian fisheries a more worth-while part of our Canadian economy.

I should like to speak for a few minutes about the sealing industry in Newfoundland, the seal fishery. In 1857 approximately 13,000 men prosecuted the seal fishery in 400 sealing ships from Newfoundland. Last spring only two ships participated from Newfoundland, and while the industry is diminishing in Newfoundland it has increased in Nova Scotia where, last spring, eight ships took part in the hunt, as a result of the enterprise of Norwegians who became Canadians after the war, and two private firms, the Sea Traders and George Shaw Limited. In addition to the ships from Newfoundland and Nova Scotia, each year Norwegian ships take part in the seal fishery off the coast of Newfoundland which is known as the front. These Norwegian ships have been coming to Newfoundland for years, and it is not understandable how these ships can come from Norway and make a profitable voyage while we in Canada do not seem to be able to do much about it. At one time, even when the value of the dollar was very low, the industry had a value of more than $1.75 million. In my opinion, this industry should be given serious consideration. The killing date should be deferred until March 10 and the killing of old seals should be prohibited. No ship should be allowed to make a second trip.

A couple of months ago the entire crew of the fishing boat *Blue Wave,* who were fishing off the coast of Newfoundland, were drowned. A few weeks ago a storm occurred off the coast of New Brunswick and took the lives of 35 fishermen, leaving 20 women husbandless and 83 children fatherless. Immediately appeals were made on their behalf. While the general public responded generously, as it always does, I feel that the time is long past when we should have statutory provisions with respect to help and care for the wives and children of those brave men whose lot it is to go to the sea in ships and do their business in great waters. Instead of leaving the families to uncertainty, a national policy should be established.

Mr. Winch: Are you in favour of a disaster fund?

Mr. Tucker: Yes.

Mr. Winch: That is good.

Mr. Tucker: I hope the present minister will continue his keen interest in the workings of his department and will continue community stages, bait depots and other benefits as long as they are proving beneficial to the fishermen in Newfoundland.

Mr. Carter: The various items of these estimates were gone over very carefully in the standing committee on fisheries. I think perhaps it would be advisable to make comments of a general nature on the first item rather than having comments on each item separately. The committee was greatly impressed by the frank and honest manner in which the minister replied to our questions in committee and by the industry which he has shown in tackling the problems of his department. I should like to pay my personal tribute to the minister for his sincerity of purpose and for the non-partisan approach which he has made to all the problems that we have brought to his attention. I should also like to express my appreciation of the sympathetic consideration which we have always received from the deputy minister and his various officials in connection with the various matters which we have had to bring before them. While I am expressing appreciation I want to include also my appreciation for the dinner which the minister's department tendered to the fisheries committee. It was a special occasion of rejoicing for me because it was the first time in my recollection that the lowly salt cod has ever been elevated beyond soup chowder, the first dish on the menu.

I should like to make a few remarks about the community stage program. In my opinion the community stage program is an excellent idea and one that offers great promise in the development, particularly of our shore fisheries in Newfoundland. I think it was unfortunate that it should have been introduced as part of a winter works program because I believe that fact to some degree reduced the benefits that such a program is capable of producing.

Several handicaps have resulted from the way in which this program was worked out

in my own riding. In the first place these stages were placed in communities in which perhaps they were not most needed from the standpoint of the fishery but in which there was the most need for work. There was therefore a clash between the two purposes. There was some dissatisfaction in my own riding also owing to the fact that there seemed to be two different kinds of community stage program. There was one kind of program in which the fishermen received pay for their labour in building the stages and there was another program in which the fishermen were compelled to provide free labour. When two communities a few miles apart find that they are being treated differently, this fact is bound to lead to some dissatisfaction. However, that consideration should not be permitted to detract from the program itself which I think should be improved and extended.

There is a great need for this type of program in my own riding for two reasons. One is that more people are being forced to return to the fisheries after a great many years and because they have been away from the fisheries for so long their private fishing premises have all deteriorated and fallen apart; and they are not in a position to rebuild. This is a situation which could be turned to good account because I think it will make for much better control of the quality of production if we can have the fish in a settlement processed and taken care of in one building or at one spot, instead of at numerous different spots scattered around the harbour.

Another advantage resulting from the community stage is that it affords the fisherman a protection which normally should be provided by competition. In Newfoundland there is not very much competition in the purchase of fresh fish or of salt fish. The various salt fish processing plants offer much the same price and it is a very low one, ranging perhaps from one and a quarter cents to two and three-quarter cents a pound. The same is true of people who buy salt fish. They all offer practically the same price too. The protection for the fisherman against this kind of situation is that he, through a community stage such as this, has a choice of either selling his fish fresh or putting it under salt. That is a great advantage.

I hope it will not be too long before a third advantage will be tried out. Yesterday I brought to the attention of the Minister of Trade and Commerce, who I see is still in his seat, the possibility of getting together with the Minister of Fisheries in order to see whether an experiment cannot be carried out whereby small cod fish which is perhaps too small to be processed by a salt fish plant or to be put under salt might be put up in tins. I think we should try this out and see if we can find a market for this tinned fish in some of the countries of Africa and Asia. I do not think it is something that can be done on a big scale but I think it is worth while looking into. If the experiment proved to be successful, perhaps the fishermen's stages might also be extended to include small canneries.

The next point I should like to bring to the attention of the minister is that the production of light salted fish is still going down while the production of heavy salted fish is going up. It was the light salted fish that made Newfoundland famous and which originally created the demand for Newfoundland's salt fish in the markets of the world. Light salted fish production declined from 66,418 quintals in the first six months of last year to 46,610 quintals for the first six months of this year, but heavy salted products went up from 94,000 quintals during the same period last year to 115,000 this year. It is in the interest of the Newfoundland fisheries to encourage the production of light salted fish. The Prime Minister, during the election campaign, I think, promised that a floor price would be established under salt fish. That is something which the fishermen have always wanted, but it is something that is not easy to accomplish. I think it would be much easier to work out some plan whereby more emphasis might be placed on and more encouragement given to the production of light salted fish for which there is always a good market.

The bait service has during the past two years encountered some very unfortunate handicaps in that bait has been scarce when we needed it most. The minister told us in committee that the portable bait depots have proved successful and that a number of new ones are planned for this year and, I hope, for succeeding years. I want to plead with the minister to make sure the south coast riding gets its fair share of these portable depots. We feel we were a little on the short end of the community stage program because we only got two out of 20 stages for Newfoundland. We hope that this position will be corrected as time goes on. I mention this now so that the minister will make sure that the same thing does not happen with respect to the portable bait depots.

As the hon. member for Northumberland-Miramichi has mentioned, we were all shocked by the disaster which happened to the New Brunswick fishermen in the storm on June 20, and our sympathy and the sympathy of my constituents goes out to the dependants

of those men. This is a reminder of a similar tragedy which occurred in my own riding last February when, as the hon. member for Trinity-Conception recalled, the dragger *Blue Wave* was lost with all hands. As a result of that disaster, 16 men were lost, leaving behind them 15 widows and 40 children. So we know what the people of New Brunswick are going through, because that has been our sad lot many times in our history. In fact, I have no hesitation in saying that there are more fishermen's widows in my riding than there are in all the rest of Newfoundland.

I mention that to emphasize to the minister and his officials that the south coast riding which I represent is one part of Newfoundland where fishermen can and do fish all the year around. I think that fact should be given a little more consideration than it has been given in the past, particularly when programs such as community stage programs are being drawn up. Very often these programs are shared out on a basis of population or some other basis, but while we may not produce as much fish as the northeast coast, the need is still very great, and we must recognize and utilize to the fullest extent the fact that the south coast is the one part of Newfoundland where the fishery can be prosecuted throughout the whole year.

Finally, I wish to bring to the minister's attention the need for a bounty on draggers over 65 feet in length. Unless something is done to enable our fishing companies to secure new draggers, modern and up to date, the fishery in Newfoundland will not survive. At present these draggers cost so much that our fishing firms cannot afford to purchase them and as a second choice they are compelled to go to the United States and purchase second-hand draggers which are to a large extent worn out and obsolete. Moreover, because they are old and obsolete the fishery cannot be operated so economically as it should be. There is a great need here, and I hope the minister will find some way of meeting it.

The other point I wish to make is that the regulations governing the inspection of draggers might well be revised. The loss of the *Blue Wave* which I mentioned a few minutes ago recalled to the minds of our fishermen the fact that several boats of this type have met with similar accidents and have only narrowly survived, sometimes merely by chance, and there is some question in the minds of our people about the stability characteristics of these draggers, because they were not designed for fishing in waters where such severe icing conditions obtain as are experienced as in Newfoundland. Thus we have been wondering whether something might not be done by way of some regulation to safeguard fishermen by deterring them from overloading their vessels in winter or by introducing more rigid tests of stability during steamship inspections than those which obtain at present. I point out that although this vessel went down, there were other vessels of smaller and of different design which were out in exactly the same conditions, and which were able to survive and, in one case, even to render assistance to the *Blue Wave*. This is something which we feel should be looked into a little further to see whether or not some regulation cannot be established to make sure that these vessels are not only sound in construction and fitted with proper equipment and engines, but that their stability characteristics as such will stand up to the conditions under which they operate.

Mr. MacLean (Queens): Mr. Chairman, I think it would save time if I were to reply to some of the questions that have been asked at this time rather than doing so under the individual items. The hon. member for Northumberland-Miramichi spoke of the problem of lobster bait in the maritimes. We have made several adjustments to try to accommodate that situation such as extending the season for alewives and things of that sort which we could do. I am grateful for the kind remarks made by various hon. members regarding the department and the efforts we are extending to further the interests of the industry for the benefit of the country as a whole.

In that connection I would like the committee to know that I believe it is recognized generally throughout the world that in Canada we have some of the finest fishery scientists and administrators in the world.

The hon. member for Northumberland-Miramichi mentioned a number of other points. I have made a note of these and will certainly take them into consideration. Some are to be brought to the attention of my colleagues, including the Minister of Finance, the Minister of Public Works and others, and that will certainly be done. I hesitate to admit it, but at the moment I also happen to be the acting Minister of Public Works. I will undertake to see that the questions relating to that department are brought to the attention of the regular minister.

The hon. member mentioned the possibility of eliminating the lift season for salmon fishing in Miramichi. That is still under consideration and no final decision has been reached. I think I may say the prospects for doing that are not very good. It is necessary to allow a reasonable escapement of the salmon so that they may carry on the

propagation of the species for future years. After all, we do not want to kill the goose that lays the golden egg, as it were, for a short term advantage. I might also say that this year the catch of salmon by drifters in this area has been better than for the last ten years and that is encouraging.

Several hon. members referred to the tragedy that took place in the constituency of the hon. member for Northumberland-Miramichi. It is the worst disaster for fishing vessels in that area for well over 100 years; indeed, since the tragic Yankee storm took place in 1851 when approximately 150 lost their lives. Another tragic disaster was that of the *Blue Wave*. I regret that I am not in a position to make any definite statement about a contribution by this government to the disaster fund but, as my colleague the Minister of Veterans Affairs has said, it is receiving sympathetic consideration and I trust that an announcement will be made within a short time.

The hon. member for Skeena raised the question of Russian trawlers operating in the Bering sea. There is a considerable fleet operating there. The number varies and has gone as high as 80 vessels. Included in that number are transports, tugs and supply ships. They are not all fishing vessels but it is a large and comprehensive fleet. The information we have is that they are not operating for either salmon or halibut at the present time but are confining their efforts to such species as flounders, Pacific cod and pollock. This is something in which we are keenly interested and we will watch developments there very closely.

With respect to the transfer of some sections of the Cold Storage Act to my department, that has been considered to some extent by my officials. They have examined the question to determine what would be involved, what benefits might accrue, what increase in personnel would be required in the department, and so on. In the near future I hope to be in a position to take it up intelligently with my colleague the Minister of Agriculture to see whether any advantage would be gained by any change. I do not intend to suggest that the change will not be made but in the event it is not I wish to assure the hon. member that I appreciate the basic problem and I intend to follow it up with my colleague even if the administration remains with him.

The hon. members for Burin-Burgeo and Trinity-Conception mentioned several other points including the question of unemployment insurance for fishermen and the fact that in some cases it has not been satisfactory because it tends to give benefit to those fishermen who are not the worst off. Taking Newfoundland as a whole the situation is not as black as it has been painted in this last year, relative to the previous year in any case.

I realize there are still many problems and small areas where the situation is much worse than others. There are no figures breaking it down in that way. However, I should like to put on record the fact that seasonal benefits to fishermen in the province of Newfoundland during 1958 totalled $2,515,974 and during 1959, totalled $2,570,482, approximately $340 and $280 per man respectively. This would indicate that although more fishermen qualified for benefits in 1958, relatively as well as absolutely their claims on the average were smaller, and the total aggregate paid was larger by a considerable amount. Approximately 30 per cent of the fishermen achieved part of their benefits from other types of employment.

I have taken careful note of the remarks made about community stage programs. We have eight additional portable bait depots on order and we will put them into spots where they seem to be most required. I am always very happy to receive representations from any hon. members concerned because we recognize that members of parliament are thoroughly familiar with the ground and any information they can give us is very welcome indeed.

The location of the community stages was based not only on the unemployment situation but also on the amount of fish and the number of fishermen and the potential in the area and on many other considerations. I might say that in all of the stages carried out under that program by this government all labour was paid for by us.

I think I have covered the most important points. If there are any others that I have not answered it is not because I am ignoring them. I will take careful note of everything that is said and see that the suggestions will be applied to the administration of the department where possible.

Mr. Carter: I would like to clarify one point the minister made about those seasonal benefits. I think he read out the figure of $2,520,000 for the previous year and $2,280,000 this year.

Mr. MacLean (Queens): No. The figures for the first year are $2,515,974, and for this year up to April, $2,570,482.

Mr. Carter: This year is more than last year?

Mr. MacLean (Queens): The aggregate is more but the average per man is less, because there were approximately 18,000 fishermen

operating in Newfoundland last year as compared with 16,000 and some odd the year before.

Mr. Carter: The minister cannot tell the committee how much of those seasonal benefits went to fishermen, because it might be assumed by other hon. members that fishermen received all of these benefits, which I am sure is not the case. I am sure that is not what the minister wants to say.

Mr. MacLean (Queens): Yes, this is unemployment insurance for fishermen.

Mr. Carter: For fishermen only?

Mr. MacLean (Queens): For fishermen alone, but I might say that some of their stamps were acquired by other part-time seasonal work. They are the ones whose predominant employment was fishing.

Mr. Carter: Can the minister give us the number of fishermen who received benefits?

Mr. MacLean (Queens): I do not think I have those exact figures. The total number qualified for benefits in the season just ended was 9,263; the year before, the number was 7,403.

Item agreed to.

130. Industrial development service, $746,365.

Mr. Pickersgill: In view of the fact that the experimental salt fish plant at Valleyfield never had an official opening, would the minister consider this summer arranging to have some kind of meeting there so that the people interested in this work would have an opportunity to see what is going on?

Mr. MacLean (Queens): Yes, I shall be very pleased to give that consideration. I am afraid that plans for this summer have been in a state of suspended animation owing to the fact that no one has been able to predict accurately when prorogation might take place. Now, especially since there is a road to Valleyfield and other conveniences, consideration will be given to the matter.

Item agreed to.

Fisheries research board of Canada—

144. Operation and maintenance, including an amount of $50,000 for contributions toward fisheries research and for scholarships, $3,950,565.

Mr. Noble: Mr. Chairman, being one of the few members of the fisheries committee representing the great lakes area, I feel it is my responsibility to make a few observations and suggestions in respect of the welfare of the industry in these, the most expansive and at one time the most productive bodies of fresh water in the world.

At the outset I would like to join other members who have spoken in this debate and voice my appreciation of the tolerance and friendly attitude shown the members of the marine and fisheries committee by the minister and other officials of his department when they appeared at our deliberations. I would be remiss in my duty if I did not comment on the opportunity that was afforded all on the committee to gain a knowledge of the fishing industry as it related to all areas concerned. Since I came to this committee from the vicinity of the great lakes my knowledge of the fisheries in coastal regions was vague indeed but I now know something of their problems. It was also true that the members of the committee from the coastal waters were interested in becoming better informed on matters concerning the great lakes. With this thought in mind, an exploration trip to lake Erie was arranged for the purpose of viewing and studying the operations of the largest fresh water fish processing plant in the world. The location of this plant is Wheatley, and it is owned and operated by Olmstead Brothers. This enterprise has continued to expand in times when many fishermen on the great lakes were finding it impossible to carry on. Of course, there was a very good reason for this. These people faced the same problem as all other fishermen on the lakes; when fish they have been accustomed to taking in quantities became progressively more scarce each year, their income shrank to a point of non-existence.

The speculation is that this circumstance was contributed to by the lamprey eel and the smelt, both of which were multiplying at a rapid pace and are rated as predators. The lamprey is known to attack and kill lake trout and possibly other species as well. The smelt may be the bigger killer of the two, as it is now the belief that they prey on the very young fish and perhaps on the eggs of several species such as lake trout, whitefish, pickerel and herring. Recently, while conversing on this problem with some of the fishermen, another point was mentioned that may have some bearing on the matter. It was stated that when lake trout left the shoals after spawning, immediately suckers would move in and it seemed this was for the sole purpose of feeding on the spawn. In fact, the stomachs of the suckers were found to contain trout spawn. Would it not be good business to create some incentive to make it worth while for the fishermen to fish as many as possible of these rough fish from the lakes?

No measures have ever been taken to exercise any control on smelts. However, in 1956, an international great lakes fishery

commission was established to direct sea lamprey control and to conduct fishery research which in the opinion of the fishermen should have been under way at least five years previously. Canada's contribution to this international commission for the last two years has been as follows: in 1957-58, $420,000; in 1958-59, $408,104; and for 1959-60, it will be approximately $620,000. This represents about 31 per cent of the commission's spending; the remainder is paid by the United States government. This international commission hopes to achieve maximum sustained productivity in the great lakes.

The most of this money has been spent on lamprey destruction programs and it appears that some progress is being made. But, I am concerned about the continued infestation from the ocean. No action has been taken by the commission to remedy this situation. I would suggest the conservation commission consider the possibility of establishing an electric fish barrier somewhere below lake Ontario to stop further migration of lamprey to the great lakes system. Then, it seems to me, the destruction of the lamprey in the lakes would really mean something.

There is one other possible contribution to the disappearance of our trout and whitefish and that has been excessive fishing and the taking of fish on their spawning grounds. Perhaps the nylon net could also be at fault as it captures smaller fish than the conventional cord net.

After making these observations, Mr. Chairman, I will come back to the problem in respect of the area which the committee had under study. Lake Erie has been a highly productive body of water and the fishermen have enjoyed fairly prosperous times. However, a change has been taking place in the fish population. The lake Erie fishermen were equipped to take whitefish and pickerel as these two types had been available in commercial quantities over the years. However, of late the whitefish have become almost as scarce in lake Erie as lake trout are in the Georgian bay and lake Huron. Pickerel are not available in quantity. Smelts and perch have taken over and are available in large quantities.

Olmstead Brothers did not waste any time lamenting about the situation. Rather, they proceeded to establish a market for smelts and perch. As soon as they were assured these types could be handled profitably, they secured the proper gear to fish these small types. This was the initial step, but the processing of such small fish, especially smelts, would have to be done by machinery.

Olmstead's designed a machine and manufactured it in their own machine shop which cleans a smelt inside and out and cuts the head off in one operation. At the time of our visit many of these machines were in use. Their catches of smelts have been as high as 50 tons a day and so it is evident their plant must be highly mechanized to handle such a production. Furthermore, cold storage had to be provided for hundreds of tons of finished product.

At the time of our visit 600 people were on the payroll. However, when the heavy run on smelt was over the staff would be greatly reduced. The operations would then be confined to yellow perch—

The Chairman: Order. I must interrupt the hon. member and advise him that it is six o'clock. The committee will reconvene at seven o'clock.

Mr. Noble: I can finish in a very short time.

The Chairman: Is it the pleasure of the committee that we permit the hon. member to finish his remarks?

Mr. Pickersgill: It seems to me, Mr. Chairman, that we are sitting pretty long hours, and if it was just a matter of a question and answer in a minute or two to get through the department I think we would agree but if we are going to have long speeches similar to those on the address I think we should recess.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7 p.m.

Mr. Noble: Mr. Chairman, at six o'clock I was at this point in my speech. At the time of our visit 600 people were on the payroll; however, when the heavy run on smelts was over, the staff would be greatly reduced. The operations would then be confined to yellow perch and what pickerel would be available along with all rough fish that would be suitable for mink food.

The greater part of the production of this plant is marketed in the United States and delivery is made by their own transports. They related to us that they were unable to supply the demand for their smelts and were hoping to devise means of taking them throughout the fishing season. At present their equipment is designed to take them in their opening run when they congregate in schools.

This expedition was a revelation to the whole committee. Expressions of satisfaction and appreciation were much in evidence. The

members from the coastal regions gained a knowledge of our inland waters that will be advantageous at future deliberations on our great lakes fisheries problems. Furthermore, they will carry back to the coastal fisheries some new ideas in respect to modern processing equipment developed at the Olmstead plant. The opportunity to make such observations and to exchange views on biology and conservation with experts, who were included in our party, was invaluable to all concerned. A good representation of the fisheries of lake Erie met with the committee and their spokesman graciously expressed the gratitude of his colleagues for our efforts and interest in their welfare.

The absence on this trip of all of our committee members from the opposition parties appeared to be intentional. Especially was this indicated when the hon. member from Ottawa West, in hope of gaining some political advantage, on the following day questioned the Minister of Fisheries as to what department supplied the transportation and who paid for the trip. The members of the committee who failed to avail themselves of the opportunity to see some of the most modern fish processing equipment in the world, did the fishermen they represent a real injustice. They could have been in a position to pass on to them valuable knowledge.

My immediate concern in speaking to these estimates is, of course, the Georgian bay and lake Huron. This has been a great fish producing body of water, where many of my constituents operated commercially and prospered; however, for reasons stated earlier in these observations, commercial and game fish cease to exist in quantities that make it worth while for fishermen to continue in the industry, and the lake trout, as a tourist attraction, has been nullified. My foremost purpose on the marine and fisheries committee is to use my influence in promoting the early restoration of lake trout and whitefish or other suitable fish to the Georgian bay and lake Huron. In their productive years, the three largest great lakes, Superior, Michigan and Huron, produced 15 million pounds of lake trout annually. Now this is dwindling toward zero.

It has been ascertained that lamprey seldom kill fish under 20 inches in length; therefore, I suggest that more emphasis be placed on the production of splake, a cross between lake and speckled trout, which reaches maturity and would start a reproductive cycle before attaining the size which is suitable for attack by lamprey. Many of the now idle fish hatcheries could help in speeding up this restocking program in respect to splake and perhaps on other suitable species.

On the week end, I made a survey of fish hatcheries in my district and two out of three have been idle for four years. The third one, the Wiarton hatchery, is operating at only 30 per cent of its capacity, producing lake trout for stocking lake Simcoe. This situation would perhaps apply to other hatcheries as well. I am aware that these hatcheries are provincial property, but I feel sure the federal Department of Fisheries or the conservation commission would be permitted to make use of all available facilities. We in the great lakes area would most certainly like to see a restoration of lake trout and whitefish; nevertheless, a lot of time should not be lost while we entertain a wait and see attitude; therefore, I submit the following information for further consideration. It has been demonstrated on several occasions that fish could be transferred to new surroundings successfully.

In checking over reports of the researchers, I note that in 1929 Dymond, Hart and Pritchard report the establishment of sea-run populations of spring salmon in the St. John river in New Brunswick and Port Credit river in Ontario. These salmon have been taken in the St. John river by the hundreds and vary in weight up to eight pounds. Fish up to 30 pounds have been taken from the Port Credit river. The streams and coastal regions of Maine, New Brunswick and Ontario are the only foreign waters on the North American continent in which natural populations of Pacific salmon have been established; however, it appears now that these salmon have disappeared from lake Ontario.

I think the researchers would agree that lake Ontario was not an ideal body of water for this experiment. The lake lacked a good depth of water and many of the streams flowing into it could not be considered much more than open sewers. In recent years this condition has been cleared up to a large extent with the development of sewage and waste disposal plants. Georgian bay and lake Huron, with their cold deep water, continually replenished from scores of clean streams, offer ideal conditions for the introduction of Pacific salmon. At this point I will make some further observations in respect to the introduction of Pacific salmon south of the equator.

The Tasmania fisheries commission in 1933 stated that, in the confined water of their great lake, spring salmon thrive and grow rapidly to support a flourishing sport fishery. Sockeye salmon introduced to lake Ohau in New Zealand have acquired a landlocked habit. These fish run up creeks at the head of the lake and spawn there every year in March and April.

The sea-run population of Pacific salmon that have been successfully established in both Chile and New Zealand have adjusted their life cycle to the change in occurrence of the seasons in the southern hemisphere. The spawning migrations of these salmon occur in January, February and March, which are seasonal equivalents of July, August and September in the northern hemisphere.

Much progress and many improvements have been made in fish cultural methods in recent years which should help in securing desired results in transplanting of sockeye or spring salmon to the great lakes. I make these observations to support my conviction that salmon can be successfully reared and propagated in the upper lakes.

I suggest to the minister that an experiment to introduce some of the coastal waters salmon to the upper great lakes be conducted at the earliest convenience and that some of the money paid to the international conservation commission be designated for this purpose. The sockeye salmon from the west coast and spring salmon from the east coast have been able to reproduce and live with the sea lamprey and smelts. Would it not be reasonable to assume they could continue to live in this environment in the great lakes? Should this prove to be true, and the lamprey and smelts prove to be uncontrollable, this could be the solution to our problem. The introduction of fish to new environment may be very important to ensuring suitable production for sport and commercial fishing in our great lakes in the years ahead.

In conclusion, Mr. Chairman, I emphasize that fishery conditions in lake Huron and Georgian bay have created a serious situation for all the fishermen depending on these waters for a livelihood. Their life earnings are tied up in fishing boats, docks and other gear, none of which is saleable. The tourist industry has suffered to lesser extent, yet worthy of note. Many tourist operators who had depended on the lake trout for an attraction just do not have anything to offer. For instance, Cape Croker on the Bruce peninsula was a location for ideal lake trout trolling. It brought thousands of dollars to the Indians on the Cape Croker reserve who rented their boats and acted as guides. It also meant much to camp operators who supplied the other accommodation necessary.

In the town of Meaford lake trout trolling was considered one of their best industries. At one time they had a fleet of forty or more pleasure craft built and designed for the purpose of trolling for lake trout. Today not a single boat leaves the harbour for the purpose of trolling for trout. The chamber of commerce of this town estimate that this tourist business was worth one quarter of a million dollars to them. I have cited the experience of these localities with which I am familiar, but it applies to the whole lake Huron and Georgian bay area.

I am aware of the fact that some of the problems I mention are partly provincial responsibilities; however, I am anxious to see federal funds and influence work in full co-ordination with provincial effort to bring about the desired results and with some expediency.

Mr. Stewart: I have no intention of holding up the estimates of the department nor do I intend to burden the committee with a history of the fishing industry and the woes and tribulations of the fishermen of my constituency. Those problems can be solved in co-operation with the minister and the officials of his department. But I think I would be most ungrateful if I did not bring to the attention of the committee the importance of this item as far as my constituency is concerned. We have in my constituency the largest sardine cannery in the British empire and the largest lobster pound in the world. These are the two important items of our fisheries. You can therefore see that investigation and research through the biological gation and research through the biological portant to the fishermen of my riding and also to the general economy of the constituency.

In June, 1959 the Minister of Fisheries opened a new wing to the biological station and commemorated 50 years of the service in biological research to the constituency. There is employed by the Department of Fisheries, according to the last report, that for 1957-58, a total of 25 boats in the province of New Brunswick with a crew of 106. There was spent on the biological boats alone $105,000 and there was spent on the boats engaged in protection in New Brunswick $150,000. In connection with work at the biological station there was spent during 1957-58, $475,000 and in the province of New Brunswick roughly $1,750,000. You can therefore see that this item is extremely important. I think that I would be very remiss if I did not express the appreciation of the fishermen of my constituency to the Minister of Fisheries and to his staff for their work in this regard.

Mr. Nixon: Back in May I asked the minister if he would make a statement on the department's program dealing with the lamprey situation in the great lakes, especially in lake Superior. At that time he said that he would make a statement on the matter

when his estimates were before the house. I wonder whether he would do it now.

Mr. MacLean (Queens): Yes. As all hon. members know, this is a very vast problem. Due to the invasion of lamprey in the great lakes or the infestation of the great lakes by the lamprey as a result of the man-made canals to the great lakes, the whole ichthyology of the lakes has been upset. The lamprey, which are a parasite, thrived in these waters where they never had existed in previously and where there are no natural predators on them.

This is a problem which we have been working at for a number of years now in co-operation with the United States and our agency that does the work under the international great lakes fishery commission, is the fisheries research board of Canada.

First this problem was attacked by trying to control the migration of the lamprey to streams up which they go to spawn by means of electrical barriers. Another approach that was tried concurrently was to find a specific poison for lampreys; and a break-through in this matter has been made in recent months. Two chemicals have been discovered which proved lethal or proved to be a selective poison for lampreys. In other words, in certain concentration it will destroy the lamprey and their larvae, which is important, but will not affect other forms of fish life. This year we are doing a trial project on a reasonably large scale poisoning certain of the streams. It is too early yet to judge what the result will be but it seems encouraging. I do not think there is any more I can say at the moment at this late point. But if there is any other information the hon. member for Algoma West or any other hon. member would like to have, I should be delighted to supply all details.

Item agree to.

515. Industrial development service — further amount required, $800,000.

Mr. Howard: This vote shows a fairly substantial amount of money. I wonder whether we could have from the minister an indication of what is entailed in this particular vote.

Mr. MacLean (Queens): This is really a transfer from the Department of Public Works to the Department of Fisheries for the community stage program in Newfoundland which was introduced last fall partly as a winter work program.

Item agreed to.

519. Newfoundland bait service—further amount required, $101,000.

Mr. Granger: The matter of bait supply seems to be an annual problem. I certainly should like to mention my appreciation of the interest that the minister's department is taking in this problem in Newfoundland. What I want to mention now is the possibility of using artificial bait as a supplement to frozen bait. I mention this matter because the type of artificial lure which is used in sports fishing has been used with considerable success in catching cod. As a matter of fact, one man that I know who used the type of lure which is used, as I say, in sports fishing, in fishing side by side with fishermen using the ordinary type of jigger, was much more successful in landing his fish. I would suggest that perhaps the minister's department might look into the possibility of developing types of lures for cod fish similar to what the sports industry has for sports fishermen.

Mr. MacLean (Queens): I am highly appreciative of the hon. member's suggestion. I can say that the fisheries research board has been doing some work on artificial baits of various kinds. In addition to that our industrial development branch has been doing trials on various types of lures. We are hoping that some solution to this problem may be found, because it would be a great relief not only to the department but also to a large number of fishermen who have difficulty in making sure there is a constant supply of bait. I must say, with reference to bait, that squid are in very short supply. They have not appeared as yet. But as an insurance measure we have fairly large holdings of other types of bait, so that we will not be destitute, as it were, if the squid fail to appear. We have some 1,750,000 pounds of bait in storage at the moment.

521. Destruction of dogfish and other predators, $250,000.

Mr. Howard: This item relates to the destruction of dogfish and other predators. A similar amount was voted for this purpose in the supplementary estimates last session for the last fiscal year but I understand the program did not work out too well mostly because it was started too late in the season. I would certainly appreciate it if the minister could indicate whether this dogfish destruction program will start immediately and also on what basis they are going to use the fund. Perhaps the minister would indicate whether he hopes to use the entire vote this year instead of the small amount of this vote which was actually used last year.

Mr. MacLean (Queens): Last year when this amount was voted it took a considerable length of time before we were able to reach agreement with everyone concerned as to a satisfactory program, and it was late in the season before the program got under way. It began at a time of the year which was perhaps not the best time for the catching of dogfish. But we will be in the position to announce the program immediately this vote is passed and this year we are paying a bounty, one might call it, of ten cents a pound on dogfish liver and we hope this will prove successful.

Mr. Howard: Is this money to be used solely for dogfish destruction or are there plans to deal with sea lions and so on?

Mr. MacLean (Queens): There was a possibility when this vote was drawn that a small amount might be used for sea lion control but we have found a method of doing that under another vote, and this entire amount will be used against dogfish.

Mr. Batten: I may not be quite in order in asking this question on this item but I should like to know from the minister if land for the site of the bait unit at Bonne Bay and Woody Point has been secured?

Mr. MacLean (Queens): As the hon. member knows, we had some difficulty in finding a suitable location for the bait unit at Bonne Bay but I believe I am correct in saying that recently we obtained a suitable site at Woody Point, and the unit was transferred there, or it is in the process of being transferred.

Mr. Batten: May I ask the minister whether sites have been chosen on the west coast of Newfoundland for any of the seven units which are being provided for in the present year?

Mr. MacLean (Queens): There has been no final decision with regard to the eight units which are being provided for in this year's estimates. As the hon. member knows, there have been a large number of demands from a great number of areas, and we have to study the relative needs of all those areas, the possibility of other sources of supply and so forth. No final decisions have as yet been made as to the areas in which they will be set up.

Item agreed to.

[Mr. Howard.]

The Deputy Chairman: That completes the estimates of the Department of Fisheries.

Mr. MacLean (Queens): Mr. Chairman, if I may say so, I want first to correct one impression I may have left inadvertently with the committee. I may have sounded as if I believed that everything was rosy in the garden and that there were no problems as far as fishermen were concerned. That is not the case. There are areas, especially in connection with certain types of fish production, where the economics of the industry are not very good because the production is going to a low price market. I do not want to labour the point, but I have in mind such things as salt cod in Newfoundland and smoked herring—bloaters—in places such as the Magdalen islands. I want to assure the committee that these problems are under constant review, and we hope to find some way of improving the situation.

That is all I want to say at the moment, except to express my appreciation for the high degree of co-operation that the committee has shown to me and to my officials.

POST OFFICE DEPARTMENT

294. Departmental administration, including Canada's share of the upkeep of the international bureaux at Berne and Montevideo, $1,915,483.

Mr. Denis: I suppose that the Postmaster General has something very interesting to tell us. I will ask him now, very respectfully, to say something about this first item.

Hon. W. M. Hamilton (Postmaster General): I thank the hon. member for St. Denis for inferring that this was going to be very interesting. I was hopeful, for a moment, that he might even accept the estimates of this department without hearing any comment whatsoever from the minister. But I am delighted to review briefly our operations over the past year and tell the committee something of what we are doing.

At the outset, I should like to pay my tribute to the people who operate the postal service, the department's 50,000 employees. Their quiet spirit of dedication, their sincerity and devotion to the job they do and their untiring labours are the foundation of Canada's postal service, and it is a strong, sure foundation of which Canadians may well be proud.

Because of this government's belief that the public is best served when its employees feel that there is an interest in their morale, their welfare and their working conditions, I am particularly encouraged by the general improvement in the morale of our service and

in the bettered relationships between our employee organizations and the administration which has occurred during the past two years.

Nowhere is this better illustrated than in the April editorial in the *Postal Tribune*, the official organ of the Canadian Postal Employees' Association, which dealing generally with changes and improvements we have introduced says in part:

> While the change has been gradual, there is ample evidence that all changes have been to the benefit of the service (to the public) and the employees. . . . Another change quite evident to officers and members of our organization is the present attitude of senior officials both at headquarters and in the field. In the past organizations were tolerated and in many cases co-operation was a one way street. The new era has made it more evident that problems presented by postal organization organizations should and will receive serious consideration in view of how such problems affect morale and staff efficiency.

With such a spirit it is easy to understand why the past fiscal year, and the months since then to the present, have been a period of further progress and achievement for the Post Office Department; a period during which we have made desirable improvements in service to the public which I shall detail in a few moments; during which we have introduced changes of benefit to our employees; and during which we have made plans and taken the initial steps which will be increasingly reflected in the months to come in further advances.

In this respect no single change is of greater importance than that introduced a few months ago with the establishment of our new engineering and development branch on a level equal in all respects with those other five branches into which postal service has traditionally been divided.

Before this new division of reponsibility, engineering and development was but one part of the work of the operations branch of the department. Faced with the multitudinous problems of directing the day to day operation of the postal service, and the pressing and immediate difficulties which continually arise when 10 million pieces of mail must be handled daily, that work which is the foundation of present and future postal improvements in Canada had often to be delayed and neglected in favour of the more immediate problems.

Now, headed by one of our most experienced postal officials and a man who has a particular capacity for this work, engineering and development has attained its proper status in our organization and this has already been reflected in the acceleration of many of our projects. The new branch has as its primary functions research in mechanization and postal techniques, examination of new ideas in postal operations developed in other areas; testing of new machines and techniques; a continual review of all standard postal equipment in order to improve its design; provision of mail handling equipment to post offices, and arrangements for buildings, space and facilities for carrying out all postal operations.

In the field of modernization, probably the most important single project is the development of an electro-mechanical mail sorting machine. This project, as many of you know, has been under research and development for some years and has now reached the stage where a contract has been awarded to Canadair Limited in Montreal for the construction of the first complete machine to be tested under operating conditions in a post office.

We also expect during the first half of 1960 to install and begin testing a machine which has been developed by the British post office for automatically culling and facing up letters, cancelling their stamps and separating them into local and out of town groups.

These two machines together provide for the mechanization of letter handling in a post office from the time the mail bag is opened until the letter is ready for forwarding to another city or a letter carrier for delivery. I have no doubt that a decade hence we shall look back on them as primitive—just as we now consider the model T Ford to have been a primitive form of automobile transportation—but the fact remains that we are breaking through that barrier which has made the postal service, not only of Canada but generally throughout the world, one of the least mechanized of all mass handling operations.

I should remind hon. members again, as I have in the past, that while such developments are likely to enable us to reduce our part-time staff—people who work three or four hours a day at peak periods in the post office—they are not likely to represent reductions in our present full time staff. Primarily we are seeking not a decrease in manpower but an improvement in our efficiency to allow us to deal without delay with our ever-increasing mail volume.

In addition to these devices we have forged ahead with other new technological innovations, many of which are now operating in our newer and larger post offices. We have developed numerous intricate and effective conveyor systems which speed up the handling of mail at our bigger offices and which reduce the number of man hours required to handle a piece of mail.

We have also developed in several cities experimental models of curbside mailing boxes for the use of the motoring public.

These are redesigned parcel receptacles fitted with a funnel-shaped snorkel facing the street side. They may be used by a motorist without leaving his car. Generally speaking, these boxes have proved popular. The need for them was dictated by increasing city traffic and by a shortage of parking space in downtown areas.

I suppose it is a commentary on our way of life to report that having designed and installed boxes of this kind we are now being pressed to put them only on one-way streets so that a man may drive up and deposit mail in the box from the driver's side of the vehicle. If we put them on two-way streets there is the possibility that the driver may have to slide across the seat of the automobile in order to deposit the mail and in some cases people find that even that is too much.

I want to pay this tribute. We have had fine co-operation from civic authorities where we have set them up and 26 of the newly designed receptacles have been placed in service in various cities across the country. This type of installation will be expanded as suitable sites are determined.

In recent years the department has purchased and installed 1,500 new type stamp vending machines and purchase is planned of a further 500 during the next year. The machines are being installed at railway terminals, bus depots, hotel lobbies and outside post office buildings. They serve a dual purpose in that they tend to take some of the pressure off the regular wicket sale of stamps at peak hours and, more important, they are available to the mailing public 24 hours a day. These machines, you will note, give full face value in stamps for the money deposited.

We have undertaken a study of mail boxes and receptacles in use throughout the country with a view to reducing the variety of types in service. We expect to be able to effect substantial savings in the procurement and distribution of these boxes by standardizing sizes and types to a greater degree than in the past.

In our continuing program to streamline administrative operations we have installed an electronic punch card calculator at headquarters. This complex device will save thousands of man hours in processing post office savings bank accounts and in calculating salary payments to revenue postmasters. In addition, we are investigating other uses to which this device can be put which will materially reduce the costs in time and money of routine clerical operations.

We are also making extensive studies in the handling of money orders with a view to developing a system based on electronic accounting machines similar to those being developed for use by financial institutions which should considerably streamline our operations in this field.

Some evidence of the interest being taken in Canadian postal achievements is found in the continuing series of visits we have by experts from other countries who come to study our service. During the past year I was pleased, as were senior officials, at the opportunity of welcoming officials from Australia, Ethiopia, the Netherlands, India, the United States and Great Britain.

I might mention that we are co-operating with the government of the West Indies federation by providing the services of a Canadian postal official to act as postal services adviser in the survey being made of the postal service systems functioning under the West Indies federation.

Because members have had before them for some months the report of my department for the fiscal year ending March 31, 1958 I will not repeat the information which it contains but I will now attempt to review for you a number of happenings and developments of the past year.

In general, the service has continued to grow at a steady pace. During the year 37 new revenue post offices were opened in rural areas and two staff post offices, two postal stations and 75 sub-post offices were opened in our larger cities. During the period from April 1, 1958 to March 31, 1959, 65 federal buildings were occupied by post offices, including our two major buildings in Winnipeg and Vancouver which contain some of the most modern postal equipment anywhere in the world.

The annual report of the Postmaster General for 1957-58 showed that our mail revenues for that year had reached a new high of $177,492,000, and that expenditures had also reached a record level of $177,893,000. During the fiscal year just completed, the one which succeeded that whose figures I have just quoted, even those record levels were surpassed as departmental revenues, revenue climbing to $183,381,000, and operating costs rose to $183,554,000. Taking the total disbursements from the total revenues you will find an excess of cost over revenues of $173,142. While it is a deficit that figure is not as large as we had presumed might be the case, and I think it reflects prudent management and careful and effective administration of the department. I might say, too, that we have succeeded in achieving this despite very substantial increases in some of the costs of our operations, and despite important improvements in our service to the public.

I should now like to speak about some of those improvements to the public. Last year, in presenting the post office estimates, I indicated that we had been concentrating on providing letter carrier service to small and medium towns which had not previously had it. We are now well on with this type of program and are increasingly turning our attention to the problem of more effective mail delivery to the sprawling suburban developments that are springing up around those large cities. Many of those new communities are separated from the nearest letter carrier areas by large tracts of undeveloped land, and hitherto they did not qualify for letter carrier service. We have decided to relax our requirements with the result that door to door service will be provided immediately to many more thousands of suburban households.

A completely new approach to the problem of providing service in scattered suburban areas is being tried through the use of a three-wheeled vehicle we call the mailmobile; my hon. friend from St. Denis calls it the scooter. Those of you who were present on parliament hill a few weeks ago when I demonstrated this versatile little machine will understand something of the high hopes we have for its use in outlying urban areas. It will enable the letter carrier to deliver not only letters but bulky mail such as parcels and newspaper bundles which now require special handling by truck. It will eliminate the need for frequent visits to relay boxes for bundles of mail deposited by truck for later pick-up and delivery by the carrier. I may say that the experiment with this new vehicle is being carried out in a suburb of Vancouver, and if successful the service will be extended to other parts of the country wherever terrain and climate permit.

In all, our carrier service during the year ended March 31, 1959 expanded with the addition of some 292 walks. Through the establishing of these walks and the revision of existing walks a total of 126,377 points of call were provided with letter carrier service. This compares with 108,036 points of call to which I referred last year when I presented my estimates. We have also taken steps to improve the service given to patrons in the fringe areas of cities and along rural routes. Requirements for group box service in suburban areas were eased, and the number of patrons required—and this will be of particular interest to our rural members—to establish a new rural route was decreased from four to three per mile. This year 865 existing routes were extended and a total of some 16,400 new patrons were brought into service along our rural routes.

It is surprising the little things that the Post Office Department does that sometimes antagonizes the public. One of the sources of irritation to quite a few people who have spoken to me has been the lack of an official receipt requested by many patrons when they bought postage stamps in quantity at the wicket. That problem has been remedied by the development of a new receipt form we are providing to our post offices across the country so that they can provide a receipt on request to any purchaser of stamps.

Last year, to speed up service to the public, we experimented with the sale of specially packaged two and five cent stamps during the Christmas rush. That project was widely successful and we are going to improve and extend the program based on the findings of the experiment in 1958.

I have not been entirely satisfied, Mr. Chairman, with the service given our patrons under the special delivery service and we have introduced a number of modifications designed to speed up the delivery service, particularly in the larger cities. These changes, which make use of special couriers and wider use of special couriers, and less of letter carriers for special delivery mail, have speeded up this service considerably and have won general approval from postal patrons, particularly business firms.

We have been working too, to strengthen and improve our public relations division, and we hope to extend our program in this field to include a wider coverage of the smaller centres, in line with the suggestions so ably outlined last year at estimates time by the hon. member for Kootenay West. We do this because one very important aspect of our service is obtaining public co-operation, and we desire that the public shall know about what we are doing and our problems and how they themselves can work with us to obtain better mail service. We desire that as much as possible of this be done.

During the year we undertook a review of our program of annual examinations carried out for each employee of our department. I do not know how many people in this house know that postal employees, unlike most workers in many fields, are required to undergo an annual examination in the work they are doing. While the results of those examinations are not yet complete, we expect that they will determine future action with regard to our examination program which, however, in essence we feel is sound and worth while.

We have kept a close check—and the committee will be interested in this as a measure of our effectiveness—on the number of inquiries about service difficulties and investigations of irregularities, two indicators of

potential problems within the service. I am pleased to note that inquiries have dropped from 414,332 in 1957-58 to 404,265 in 1958-59. This is a reduction of more than 10,000 over the year, and it is even more remarkable when you consider that in that same year there was a tremendous increase in the volume of mail actually handled.

In the field of security and losses, Mr. Chairman, due to continuing improvement in our methods of inspection, losses to the post office through account shortages have shown a steady decline. In the year 1957-58 there were 461 cases of shortages involving $39,184. In 1958-59 this number had dropped to 395 cases involving $22,385. These figures represent a trend which over the last two years has seen the number of cases drop by 24 per cent and the net amounts involved by 57 per cent.

We are also moving forward in our attempts to defeat break-ins and thefts from post offices. Because of improved security there was no loss in one-third of the post office break-ins last year and the average cash loss, where such occurred, has been reduced from $96 two years ago to $85 last year.

In coming to my conclusion, Mr. Chairman, may I say that in preparing for these estimates I reviewed my address to the house last year on the same subject. It contains much of the basic philosophy which has guided my decisions and also much additional information on this department which I will not repeat here. I mention this merely so that hon. members who may have some particular point of interest, no matter how minor it may be, which has not been covered will not feel that it has been overlooked but merely that I have tried to give them as much information as possible in a comparatively limited time. Certainly I will be delighted to explore anything anyone wants to bring up.

I should like to express a special word of appreciation to my hon. friend, the member for St. Denis, who has taken a particularly active interest in my department. While I am not sure I approve or can approve of the stockpiling of gasoline even at premium prices in Toronto for scooters that are out in Vancouver or mail delivery by Bomarc missile—

Mr. Benidickson: But you have advocated twice a day mail delivery.

Mr. Hamilton (Notre Dame de Grace): I am being rather pleasant at the moment and I am sorry that the hon. member for Kenora-Rainy River has to introduce a sour note. The interest of the hon. member for St. Denis in the department, his constant concern over post office matters and, I think above all, his humour and his unfailing good nature have really endeared him to me, and I want to say again how much I appreciate it.

Mr. Martin (Essex East): You may be disarming him.

Mr. Hamilton (Notre Dame de Grace): I derive a certain satisfaction in finding pleasant people in the opposition and marking them out.

Mr. Hellyer: That is a very pleasant change from the situation which existed before.

Mr. Hamilton (Notre Dame de Grace): Perhaps there is a more pleasant Postmaster General on this side of the house.

Mr. Hellyer: I am thinking of the reverse.

Mr. Hamilton (Notre Dame de Grace): At the outset of my remarks I paid a tribute to our postal employees generally and I want to emphasize again the excellent job they are doing. Because so many of us think in terms of postal employees as the ones we see, letter carriers, rural mail couriers, postmasters and those who work under them in post offices, we tend to forget that credit is due also to the administrative staff of the post office because in our department, as in all government work, administrative ability of a very high order is required.

The deputy postmaster general, our six branch heads, our regional and district directors and our area superintendents together with their staffs are all involved in this work. The great majority of them have long years of service for this is a department which must largely produce its top officials from within its own ranks, a policy with which I am firmly in accord wherever it is possible to implement it. The changes and developments we are instituting would be impossible without their co-operation and, in most cases, without their production of the actual ideas. I should like to congratulate them on the outstanding job they are doing along with our other employees.

I can speak of the post office and its operations with some feeling, for in the past two years I have become involved in its activities at all levels, from such things as the weaknesses in a stamp vending machine outside the Saint John, New Brunswick, post office, the need for name plates on the wickets at Edmonton, the leaky roof on the post office at Stephenville, Newfoundland, and the slow delivery of letter carrier shirts in Kelowna, B.C.—

Mr. Martin (Essex East): And the telephone at Tecumseh.

Mr. Hamilton (Notre Dame de Grace): —the matter of a telephone in the Tecumseh post office, as the hon. member for Essex East points out; to such things as the location of major new post offices, the mechanization of mail handling processes and the introduction of the most modern electronic forms of equipment. Being always concerned beyond all else with the primary function of the department, which is to provide the best possible mail service to the Canadian public, I say without hesitation that my remarks tonight might well be summarized in the statement that the Canada post office is continually improving its service to the Canadian public and will continue that improvement in line with its very famous motto, *servire populo,* to serve the people.

(Translation):

Mr. Denis: On hearing the words of praise directed to me by the hon. Postmaster General (Mr. Hamilton) I felt that he was practically asking me to refrain from criticizing his department. Well, I don't deserve that beautiful apple green paper which has just been awarded to me. It just happens that I am in good health. And, if my questions were to the point, it was because there was ample scope for criticism.

The minister having praised me, I must necessarily return the compliment. I must say that he is a hard worker, that he is affable, likeable; he is also crafty, and intelligent.

Mr. Ricard: And, above all, a Conservative.

Mr. Denis: But what I consider unfortunate is that he makes such bad use of all those fine qualities. He pays compliments. He offers the people of Canada, and hon. members in this house, all sorts of projects—but we never know whether those projects, compliments and gifts will materialize. In my college days I was taught a latin saying:

Timeo Danaos et dona ferentes (I distrust the Greeks, even when they bring gifts.)

People with less education, perhaps, like the hon. member for St. Hyacinthe (Mr. Ricard), would have said: "I distrust the Danes with their iron teeth".

Mr. Ricard: You can't be beat for pettiness; you're certainly an expert at it.

Mr. Denis: When the frogs have finished croaking, we shall carry on.

Because the hon. Postmaster General as I said, is very crafty and clever, for we "knew him when", we have known him as a minister, and have also known him when he was in the opposition. Therefore the bouquets he's throwing at me now make me rather wary of what might happen if I trust his sincerity or his sweet words, because many a minister and many a Canadian citizen have had a taste of them in the past.

When he was in the opposition, he also said complimentary things, and said what he would do if he were in office. One of my friends here reminds me of La Fontaine's fable, the one I think, about the Crow and the Fox:

Si votre ramage se rapporte à votre plumage,
Vous êtes le phénix des hôtes de ces bois.

What happened was that the Postmaster General paid the compliments, but gobbled the cheese— The crow swore, but just a little too late, that he would never be taken in again. Let me say, to be kind to the hon. Postmaster General, that as far as the party in power is concerned, he is a genius. He is the prototype and the symbol of all the present cabinet. Certain ministers have certain shortcomings, others have other shortcomings, and they share the shortcomings between them; but the hon. Postmaster General has all the faults and shortcomings of all the present ministers. We must also admit that he has rare qualities: he is affable, friendly, etc., etc.; but he is a genius in the matter of promises, he is a genius in the matter of contradiction; he is a genius in the matter of confusion. He is also a genius in the matter of visions.

(Text):

Mr. Benidickson: Two deliveries a day.

(Translation):

Mr. Denis: He is a genius in nonsense.

Mr. Ricard: You, you are a genius in stupidity.

Mr. Denis: He is a genius in the matter of suggestions, suggestions of the kind that we must not forget.

He has told us about his department, the things that suited him, but left unsaid the things that were more or less to his credit. He has made a fine speech, graced with flowers of rhetoric, but he omitted all mention of the weeds concealed beneath the flowers of rhetoric that he graciously bestowed upon us.

Mr. Chairman, in order to see whether the present incumbent is a good Postmaster General, we must know of the changes that have taken place since he took over his department. We have to know if we shall close the fiscal year with a deficit or a surplus. We have to find out whether promised improvements have been carried out.

I would ask the minister not to slouch out of sight in his chair because we are going to talk a bit about his past, and his present too. As for his future, I think the people of Canada will see about it, and I am sorry for the minister, because he is a good natured,

most affable and likeable man. It would be too bad not to see him around any more in the house and to miss his smile and his shrewdness which we highly appreciate. Unfortunately, as I just said his shrewdness is being used in a bad cause, whereas it should be serving a good one.

Mr. Chairman, I now want to say a word about the Postmaster General's estimates. The minister said nothing about them—he who, in the past, upbraided the former postmasters general for dealing with insignifiant matters, for making hollow speeches, for not comparing the Canadian Post Office Department with those of other countries, so as to show whether our own postal service was well managed. Of all this the present incumbent has spoken not a word. He merely referred to improvements that were made, or to events which took place, under departmental regulations.

Mr. Chairman, the Postmaster General can in no wise claim credit for the improvements he mentioned, because even if he had not been there, yea, even if he had vetoed them, they would have been proceeded with. Besides, the growth of those services is merely a result of a growth in the population. Those improvements existed at the time of his predecessor, and will continue to exist. However, he used to claim that such improvements could not be credited to the then minister and that if he ever got into the saddle, he would bring in drastic changes.

An hon. Member: The improvements were made in spite of him.

Mr. Denis: Mr. Chairman, when the hon. minister was sitting on this side of the house, he used to berate us for waste and extravagance. He used to say that the Liberal party had no regard for economy, that the postal service was slow and that the experiments the government was conducting at the time were childishness and nonsense. Now, his outlook is altogether different. The things he used to call bad have now become his personal handiwork, he who was so anxious to put a stop to waste and to balance the budget.

Let us see how well he has done. Just as last year, each item of his credits shows an increase. Therefore, Mr. Chairman, in the matter of extravagance, which he used to ascribe to the former government, the hon. minister now has to eat his words.

At that time, the minister used to say he was against surpluses. He would claim that the government of the time was not running things in a business-like way. In his book, business-like administration means showing deficits. In his view, bankrupt government is prosperous government. He even referred to Conservative prosperity, to past deficits and surpluses in the Post Office Department. To him, the most interesting part of the estimates is the part which concerns deficits.

How many times did he not say here that he wanted to "break even"? He was not looking for profits, but he didn't say he didn't want any deficits. The way I see it he "broke even" a little late, because since he has been running the department, there has been deficit upon deficit.

Since the minister used to advocate economy and to war against waste, there must have been waste at that time. However, his departmental estimates for this year total $163.5 million, as against $162 million last year. Such is the amount of money the minister is asking us to vote, though at the time he used to call us wastrels and spendthrifts; in 1957-58, the budget was $150 million, and in 1956-57, $132 million. Where was the waste, and where the savings, that the minister should have told us about?

Indeed, Mr. Chairman, the minister went even farther than that. In 1954, he listed the years of budget surpluses and those of budget deficits; and most years under the Liberal administration were years of surplus budgets.

He also said:

(Text):

In 1961 a deficit, somebody made a mistake and there was a deficit of $1 million.

(Translation):

So, Mr. Chairman, if the minister claims that under the Liberals a deficit was a mistake, I think he is doing very well in the matter of mistakes, because ever since he has been heading the Post Office Department he has been going from deficit to deficit, and there is no need to look at the comparative statement of receipts and expenditures. Since his appointment to the Post Office Department deficits have been piling up.

Mr. Chairman, I should like to refer again to the criticisms which the minister used to make when he was sitting on this side of the house, or to the concrete suggestions he offered, or indeed to the proposals he put forward. For instance he would charge former Postmasters General with poor management. He even said:

(Text):

—slow moving as the department may be.

(Translation):

He remembers those words of his.

He even called former postmasters general stupid. He even went so far as to say:

(Text):

We should examine the minister.

(Translation):

He was less handy with bouquets then than he is now. He used to beef about the service in the department, about officials who are still here today nevertheless. He used to say:

(Text):

Across the board; we did not have any satisfaction from the Post Office Department.

(Translation):

The hon. minister will no doubt remember saying that the P.O.D. accounting system was not up to business standards.

He also said:

I can't understand why the various departments should not pay postage on their mailings, as does the general public.

He wanted the Post Office Department to take away from other departments franking and free privileges.

What has the minister done about it in the meantime? When the hon. Secretary of State (Mr. Courtemanche) wants to write to someone, does he have to put a stamp—unattractive though it might be—on his letter? Does he have to use postage on letters he sends out here and there in Canada? Do not all federal departments still enjoy franking privileges?

The hon. Postmaster General has not kept the promise he then made to force other departments to pay postage on their mailings. He used to complain of the fact the postmaster general at the time was operating in the black because he didn't have to pay any rent for the accommodation, space and equipment provided by the Minister of Public Works. Is the hon. Postmaster General now paying anything to the Minister of Public Works (Mr. Green) for the premises he occupies? Nothing has been done since that time. Yet the hon. Postmaster General used to say it was bad business practice. When his party came to power, he said:

(Text):

It is a doubtful legacy we have inherited from the Liberal government.

(Translation):

He must recall his statement:

(Text):

I criticize in the very strongest terms the Postmaster General for his administration of the department.

That was the minister in 1954. It was again the minister in 1956 who said:

Slow moving as the department is and slow moving as the minister may be—

It was again the same minister who was complaining about the minister of the time. There has been no change since then. There has been no change at all. He was very concise.

(Translation):

He was very explicit in 1954 when he said this to the minister. And he now maintains he is against surpluses. Does it mean he is in favour of deficits?

For instance, he used to lash into the minister for giving grants to Trans-Canada Air Lines. Has his department stopped paying those subsidies to the company?

Is the Postmaster General still sending mail by air? He maintains that he does. At the time he was so critical of the former government, our mail services were costing no more than $9 million, whereas today, according to the Postmaster General's report, they are costing $13 million.

At the time, he was complaining that we were paying one dollar and twenty cents a ton to send our mail. Have air mail rates changed since then? I would like the Postmaster General to answer those questions.

Moreover, he used to say that the Post Office Department had a monopoly over various air lines, and that everything was being done in secret. Have we heard of any changes in that regard? Absolutely nothing.

Did he say that a change was to take place, that the department would pay less for air transport of ordinary matter or goods marked "business papers"? We would like some details about that.

The house will recall that he was opposed to the increase in letter rates from 4 to 5 cents. That was two years ago. His party has now been running the country for two years, but has the Postmaster General reduced that rate? He even stated that first class mail was being paid for by third class mail, and that the deficit of third class mail was made up by the consolidated revenue fund. Have those changes taken place in the two years while his party has been in power? Those were promises made to the Canadian people and which, in my opinion, have not been kept.

Does he recall having asked the appointment of a minister of provincial affairs? Does he recall making such a statement? His party has been in power for two years, and he has been Postmaster General for two years; is there a minister of provincial affairs now?

We are still waiting for him, just as our friends are probably still waiting to be appointed parliamentary secretaries.

Well, Mr. Chairman, he made all those statements, and nothing has been done since. What has he done? He has been travelling. He has boasted travelling some 25,000 to 30,000 miles within a year or a year and a half. He has figured out the mileage covered by mail carriers in a year's time. He has figured out the total mileage of all mail carriers in Canada in a one-year period. Thus he has indicated that in a year, mail travels a distance equivalent to 55 trips to the moon, or 240 trips around the world, while postal employees cover 6 million miles.

I wonder, Mr. Chairman, how many officials in the division have been working on all these calculations? But wherefore and to what purpose? What good can it be for Canadians to know whether these mail carriers have been making the equivalent of 55 round trips to the moon? Of course they've done plenty of walking, but even if they had circled the globe, they still would not beat the record held by the ministers of the present cabinet. They still hold the record. Only the sputniks can do better. Mr. Chairman, the minister boasts that he travelled 25,000 to 30,000 miles. To what effect? From the standpoint of improvement for the Post Office Department, the result is nil. Indeed, he said himself when he travelled out to Sydney:

(Text):

I have come here just to say hello!

(Translation):

Well, it is a rather expensive hello. Imagine covering a distance of 25,000 to 30,000 miles to say a pleasant hello to postal workers. And I presume he met officials.

When things are going smoothly, it is easy to travel; but when the going is rough, it is not so easy. But when postal workers held a meeting to complain of inadequate pay and poor working conditions, the hon. minister failed to show up in Sydney, or in Winnipeg, or in Ottawa. The workers met in Ottawa so that the honourable minister would not have too far to go. In addition they gathered by the thousands in Montreal to complain about working conditions, and they invited the hon. Postmaster General. It seems to me that he should have attended those meetings where thousands of people got together—to save him time—in order to voice their complaints and their criticisms concerning the department. No, the hon. minister did not choose to accept their invitation.

Why travel all over the country, spending money, using private cars, that he so disliked at the time he was in the opposition? He recalls having criticized certain ministers who had used those cars; he even accused them of taking the advice of waiters and sleeping car porters. I believe that, before he monopolizes the Canadian National or Canadian Pacific to travel and just say hello, the minister should at least receive the thousands of his employees who had complaints to make. He could not see them, naturally, because of previous appointments, and if I recall correctly—

(Text):

Mr. Hamilton (Notre Dame de Grace): Before the hon. gentleman continues in that vein would he read, say, 15 or 20 words more of that quotation relating to the address I gave to the postmasters there, the inspection I made of the city post office and my comments on the service generally?

Mr. Denis: With great pleasure. The hon. gentleman said more about electronic sorters, and predicted the introduction of mechanization which would, he said, virtually eliminate the hand sorting of mail.

(Translation):

Whereas last year he said that it would in no way prejudice the staff and that the present employees would keep their jobs; but, he was not speaking of departmental re-organization and of any resulting decrease in staff. I therefore wonder—and this is a change of mind on his part—why he is taking a trip to the Sydney post office, merely—

(Text):

"Bill" Hamilton gave his secret for getting to know the business: "I never drive by a post office".

He never drives by a post office, yet he wants to go to Sydney, Winnipeg, Vancouver. But he will not attend a meeting when there is complaining by employees.

(Translation):

However, during his first weeks as Postmaster General, he swallowed the criticisms he had aimed at the government of the day and stated that his attacks had been prompted by wrong information and that, after all, he held no grudge against employees, but only against the minister.

Mr. Chairman, is it possible for a department to be well run if the minister is mismanaging it? Moreover, he used to tell everybody who would listen that the Post Office Department was "second to none". Consequently, all those improvements he mentioned earlier in the day are not due to him; they are only a continuation of progress,

a continuation of experiments made before his time. He spoke of electronic instruments; he should be honest enough to admit that those tests had begun before he was appointed to his present post. He then complained that the tests were expensive. Today they cost three times as much. At the time, he said the electronic sorter was a monster —and I have his statement here—a monster costing a million dollars and he wanted to know how soon it would be put to use.

Mr. Chairman, today that monster is costing not only a million but three million, and it has not been put to use yet. Now, instead of calling it a monster, he calls it his great project.

I have here before me a report of the public accounts committee where it is said that, to date, the cost of those electronic machines has reached the figure of $2,383,000. And Mr. Watson Sellar adds:

(Text):

In addition, during the fall of 1958, the department made an installation in its financial branch. Included is a UNIVAC 120 electronic calculator and the rental for this installation is $1,885 a month.

(Translation):

Well, it is time to say that this million dollar monster is now a three million monster and has become the grand project of the hon. Postmaster General. It is a machine rented from the British, an electronic machine of unknown efficiency. Moreover, the P.O.D. does not know what they are going to do with it.

Well that is the symbol of the government, of its so-called vision, to claim all the credit for all that goes well, while anything that goes awry is blamed on the staff. And when things go wrong because of the government's own mistakes, nothing is said about it.

Another matter which greatly concerned the Postmaster General when he was in the opposition, is the P.O. savings banks. The minister, in this connection, had criticized day in and day out, throughout the year. The record is there, page upon page of it in *Hansard*. I have here some quotations. I have about twenty of them, showing that he was opposed to the P.O. savings banks because they competed with chartered banks.

Now do you know what happens today?

Mr. Parizeau: Quote them.

Mr. Denis: Do you know—if I did not want to keep my hon. friend from Lake St. John (Mr. Parizeau) too late, I would quote them. I have them right here. Do you know what the hon. Postmaster General did with savings banks? Do you think he abolished them? Not at all. He multiplied them. There are now 26 more of them, than there were last year. He went even further. In fact, do you know what he says in the report of the Postmaster General? Here is what he says, to encourage savings banks, and I quote from page 28:

As from November 1, 1956, the Savings Bank increased the rate of interest paid on deposits, in order to bring it in line with that paid by other public savings institutions; this helped put a stop to the decline in deposits.

Not only did he make that statement in 1958, but also in 1957. In 1957, he says, and I quote:

Effective November 1, 1957, the rate of interest paid on deposits was increased from 2 per cent to 2½ per cent a year.

Is that a way of discouraging people from making deposits in savings banks? Was he right in saying that, while he was in the opposition, savings banks were a bad thing? And when he criticized the then minister, do you know that that report of the Postmaster General of 1957 came out a few days before the minister took office? Do you know what he was saying then? He was reviewing the background of the savings banks and he was praising their usefulness, But if you compare the 1957 report with the 1958 one—

The Chairman: Order. I am sorry to interrupt the hon. member for St. Denis (Mr. Denis), but his time has expired.

(Text):

Shall the hon. member be permitted to continue?

Some hon. Members: Agreed.

(Translation):

Mr. Denis: I thank the house, and particularly the hon. Postmaster General, for their kindness. In allowing me to complete the few remarks I had to make on this matter, I am sure the passing of the other items will be speeded up. Therefore, I shall only say a few words more.

I said a word about the civil service commission, and I shall say, in closing, that while the minister used to criticize the government for its failure to deal with the matter of salaries and working conditions, his answer now is that everything is the responsibility of the Civil Service Commission. However, if the matter of salaries is the responsibility of the Civil Service Commission today, the situation was the same at the time, and the Postmaster General knew it. However, he claimed that the then minister should intervene and that he should look after postal employees and mail carriers. But the present minister has hardly done better, because he has not even taken the trouble to attend meetings to which he has been invited.

The Postmaster General has submitted increased travel expenses, after blaming

former ministers for allowing travel expenses to go beyond $100 thousand. Now we find that travel expenses have reached the half million dollar mark. What has happened to his sense of thrift? Where is the minister's logic? And where was the waste at the time? And what corrective measures has he applied? A little earlier, I referred to travel expenses. I think the minister must have had his share of such expenditures.

I will not ask him the amount of his travelling expenses but I feel that 25,000 or 30,000 miles to say hello to his friends in the various post offices across the country must represent a rather heavy expenditure. Even though the minister should spend 40 years visiting the various post offices, he could not tour them all; so, he just provokes emulation, rivalry and jealousy among his colleagues of the cabinet.

From now on, when complaints will be made to the department and when thousands of persons will gather to make him representations, I hope he will attend such meetings instead of presiding over a jewellers' banquet—a thing which is very important and very legitimate, I agree—but when he has to choose between two festivities, two receptions, I would suggest that he select the one which is more related to the department in his charge.

The minister used to refer to the slowness of postal delivery. I have here a whole series of articles lambasting the present government for the sluggishness of postal delivery. Naturally it is not the minister's fault. However, I have here a report from a paper which I would call a "yellow paper,"—which is certainly not Liberal, because it is *Montreal-Matin,*—in which it is said that the special delivery service is rotten. Consequently, I do not think the minister could very well take pride in such a statement, and boast of having improved the situation.

I even have editorials referring to the same situation. The newspaper *Le Soleil,* which is not over friendly towards the Liberal party, stated that even during conferences, there are complaints that letters take three days to reach their destination. Our friend, Mr. Austin Cross—whom the minister knows very well—has complained that a letter posted by him had been delivered to parliament three days later.

Such occurrences were infrequent before, but in order to criticize the slowness of postal delivery, when the Liberal party was in power, the present ministers, who were then sitting on this side of the house, used to write themselves letters and got together in attempts to put the department on the spot.

The hon. Minister of Finance (Mr. Fleming), who was then sitting in the opposition, used to write himself letters in 1954, to complain later on that his own letters were arriving a little late. I am convinced that the Postmaster General well remembers that.

And only recently, I was telling the hon. minister of a citizen of Montreal who complained that a letter addressed to him had reached him only six days later, while it should have been delivered to him three days before. Are we back to twice a day mail deliveries? When are we going to have twice-daily delivery in Notre Dame de Grace? Does the hon. minister recall the time when he used to claim that twice-daily deliveries would not cost more? Today, he has had a change of mind. However, he considered one-a-day delivery as absurd. Today the hon. minister says the opposite. He says people are satisfied. Why does the minister not admit that he did not have the necessary information at the time, or that he was talking through his hat? But no, we are still waiting for the twice-daily deliveries.

About publicity, the hon. minister professes to be in favour of it. Little wonder, for he has just been named the advertising man of the year. I even have his picture here; and I must say that we see it quite often in the newspapers. He has been named "the advertising man of the year". Consequently, he must not share the view of the present prime minister who used to criticize the government of the day, claiming they were spending too much on advertising.

Earlier tonight, the hon. minister dealt quite briefly with his scooters. We would like to have some information about that. Is the scooter of American manufacture? Can it be manufactured in Canada? The hon. minister knows we have unemployment in Canada. In fact, the city of Windsor, in the constituency of my hon. friend the member for Essex East (Mr. Martin), has thousands of unemployed; yet, they are experienced in that kind of work and they could very well manufacture scooters. Would it not be possible, at least to manufacture those scooters in Canada, in order to give employment to Canadians?

It would be interesting also to know the results of this experience. How many scooters have been tried? Are they left outside at night, or are they put in a garage? How many miles a gallon do you get out of them? We should be told how much they cost to operate? We should be told also if mail carriers will require a driving licence to operate those scooters.

In city, mail carriers have to carry their bags on their back, take them along wherever they go, and must not leave them unattended anywhere. When they have to walk up two or three flights of stairs, they are not allowed to let go of them. Does the same rule apply to scooter drivers or do they have to take the key up with them, and leave the scooters down in the street?

Those are questions that we would like the minister to answer . . .

Mr. Chairman, those are all points on which we would appreciate a reply.

There has been talk, too, about postage stamps. Everyone knows what kind of stamps have been issued, considered from the standpoint of style, art and beauty. We also know how people have reacted to those famous stamps. The minister used to claim there were too many stamp issues; and he promised to improve the situation. I should like to know how many stamps were issued under the present government. Judging from newspaper reports, it seems the minister is issuing two new stamps a day, instead of having two mail deliveries a day. I should like to know what representations should be made with regard to stamps. Only this morning I was reading a suggestion contained in a dispatch from Dublin, which said:

(Text):

Dublin—A special postage stamp will appear here next week to commemorate the first Arthur Guiness, who 200 years ago started brewing the stout that still bears his name.

(Translation):

It might be a good suggestion for the Posmaster General, but then I feel he should consult the Prime Minister (Mr. Diefenbaker) and find out whether he favours that type of publicity, in view of the fact that the Prime Minister gives receptions where nothing stronger than tea and coffee is served. However, if he wants to go ahead on his own and get results, I suggest that he take the Secretary of State along with him, for the Secretary of State claims a reception without a man's drink is just unheard of among civilized people.

Those, Mr. Chairman, are suggestions I wish to leave with the minister.

Before ending my remarks, I would ask the minister to give us some information concerning thefts. Have there been fewer thefts than previously? I should think there have been as many, if not more. Last year, the minister gave a childish reply to a question on this point when he said: "Yes, there have been more thefts, but the amounts involved have been smaller." Such a situation is quite understandable. We are under a Conservative government, and of course, the 500,000 unemployed have no money at all to send through the mails. Moreover, those who still have jobs are earning only half as much money; therefore, money orders are only half as large. I think the minister's explanation is childish.

Furthermore, the minister was to have the R.C.M.P. keep an eye on post offices. What has been done on that score? Is the R.C.M.P. now working for the Postmaster General? Are R.C.M.P. officers assigned exclusively to the Post Office Department? Is that the reason why they could not be sent to Newfoundland at the time of the strike?

Those, Mr. Chairman, are things we should like to know.

I shall now close my remarks, not especially to please the hon. Postmaster General, but to please the hon. member for Lake St. John (Mr. Parizeau) who would like to leave tonight to join his family—his wife is quite charming, you know—and I would ask the Postmaster General to answer our questions and the objections we have raised. In other words, we want to know why things that used to be black are now considered white.

Mr. Ricard: Mr. Chairman, if ever we have had an opportunity—

(Text):

Mr. Herridge: Mr. Chairman—

Mr. Ricard: I rose a while ago, Mr. Chairman; I think I should have the floor now.

(Translation):

Mr. Chairman, if ever this House of Commons was witness to a farce, it was just now. It was doubtlessly due to the lack of judgment which is a characteristic of the hon. member for St. Denis (Mr. Denis). It was really disgusting to hear the hon. member for St. Denis holding forth tonight. I think all of us in this House of Commons, should unite in apologizing to the nation for such a silly and senseless speech as the one we have just heard.

Mr. Denis: Mr. Chairman, the hon. member for St. Hyacinthe did not understand,

because, when I was speaking of silly matters, I was talking about what his minister had been doing.

Mr. Ricard: The contribution just made by the hon. member for St. Denis neither adds anything to nor subtracts anything from the fact that tonight we heard the most nonsensical speech ever uttered in this august house, and, as I said, we should all unite in apologizing to the nation for such nonsensical remarks, for a speech so utterly lacking in reason.

I do not want to waste more of the time of this house by describing the character of the hon. member for St. Denis, because *Le Devoir* has already sung his praises: The paper called him a puppet, stating that he is absolutely ridiculous.

(Text):

Mr. Brassard (Lapointe): This has nothing to do with estimates.

Mr. Ricard: Probably; but these are the facts, anyway.

(Translation):

Mr. Johnson: This is an accurate estimation of the hon. member.

Mr. Ricard: It is the most accurate estimation of the hon. member for St. Denis.

Mr. Chairman, we are now considering the estimates of the Postmaster General. Everybody will agree with me when I say that, since the Conservative party came to power, the postal system has been administered with foresight by a wise man, and, more than that, by a just man. At this point, I might recall, Mr. Chairman, that when the Liberal government came to power in 1935, 325 postmasters who had been appointed by the former government were dismissed from their jobs. It was because the Liberal government, which had come back into power, thought that those people were obstructing their activities. We of the Conservative party, may rejoice that we considered matters at their true value and we may boast that we have not dismissed any postmaster except if such action was fully justified.

Mr. Chairman, the few remarks I just made are enough to refute the foolish remarks of the hon. member for St. Denis, and I would now ask to be allowed to deal with a more serious matter.

Mr. Chairman, I would like to ask the Postmaster General to give serious consideration to the possibility of erecting as soon as convenient a post office building for the villages of St. Denis and St. Damase. Both villages are progressive communities and I believe that a post office, built in one or the other of those villages, would justify the expense incurred to this end.

I ask the Postmaster General to study carefully the possibility of introducing mail carrier service in the Boisjoli and Hertel districts, in the beautiful and progressive city of St. Hyacinthe. And I would like also to thank the Postmaster General for his understanding of the problems of our rural people, for, in many cases, he has authorized the mail delivery by carrier to relieve to some extent the route of rural carriers, a request that had been refused during many years by the former administration. I urge the minister to continue to understand our population and I am sure that it will help the re-election of the Conservative party in the province of Quebec for many decades to come.

(Text):

Mr. Herridge: Mr. Chairman, I think the member who has just taken his seat completely missed the point of the speech made by the hon. member for St. Denis. We in this corner looked upon it as an interesting interlude in humorous pessimism and satire. Mixed with his humorous pessimism and satire were his criticisms and some of his suggestions. I must say before proceeding that we all recognize by this date in the session that the front bench of the remnants of the Liberal party—I think if I put it that way I will not get in trouble—contains a high percentage of persons with dramatic talent.

I am going to be quite parsimonious in the use of language this evening knowing the attitude of the committee and the hopes of everyone to conclude the business at as early a date as possible. I listened with great care and interest to the report made by the Postmaster General concerning his department and certain improvements in various branches. When I was listening I could not help thinking what a contrast there was between the mellow and genial exposition of the activities of the postal service of Canada by the Postmaster General this evening and the fire and brimstone that were breathed by the same person about two years ago when he was a member of the opposition. I remember that on one occasion it went on for a period of over two days. I sat very close to the hon. gentleman at that time and I could almost feel the heat on occasion.

However, regardless of the criticisms and to some extent the pessimism of the member for St. Denis, I think the post office service of Canada is a credit to the nation. It is

an enterprise in socialism that has been successful throughout the years and has been carried on not only by Progressive Conservatives but, as far as my constituency is concerned, has been carried on by people who are supporters of all parties in the house, people who are rural postmasters, rural mail couriers, postmen and so on. I think that is very splendid indeed. This service goes on night and day and when we consider the geographical extent of Canada, the physical features of our country and the many difficulties that have to be overcome compared with the provision of postal service in more densely populated countries, I think that our postal service is something to be proud of.

At this time I wish to express my appreciation of the courtesies I have received from the minister. When I write the minister letters he replies very promptly and fully and on a number of occasions he has gone into matters I have brought to his attention. I appreciate that. I think it is quite correct to say that the minister does his homework and works at his job. That is important to me. It is also true that the senior officials in Ottawa, the employees generally throughout the country, the postmasters, the rural postmasters and rural mail deliverers are a credit to the service we have in Canada at this time.

Having said that, I think we can best show our appreciation of the service rendered by the employees by giving some consideration to their representations to the government and the civil service commission for an increase in salaries. If there is one department that deserves serious consideration, the representations of the employees of the Post Office Department certainly do, the postmen who tramp the streets of the cities, villages and small towns, the rural mail carriers and postmasters in the smaller districts. In that connection I have thought for some time that serious consideration should be given to increasing the salaries of the rural postmasters. In fact, in some cases the remuneration is so unattractive that I know the department is having increasing difficulties under some circumstances in getting persons to take these positions.

With respect to the increase in salaries that has been sought by the civil service generally and by the employees of the Post Office Department, I recently read an article entitled, "Pay Boost Justified", by Mr. J. A. Norton in the C.S.A.C. *Journal,* March issue. I thought that Mr. Norton presented a very good case for consideration of the pay boost sought by the civil service. In the article he draws attention to the fact that the last general pay increase given to the civil service was in May, 1957, although there have been special increases for deputy ministers, commissioners and a few others. Since that time there has been an average increase of 9.5 per cent in the wages or salaries of employees in private industry and in some cases in provincial governments.

In addition, generally speaking the pay received by postmen, particularly the lower paid employees of the post office department, is considerably below the prevailing rates for similar services performed by persons in private industry in the districts concerned. I suggest that the employees of the post office department and the rural postmasters should receive consideration at the earliest possible time.

I want to say a word or two about postmasters over 70. I understand there is a new regulation which provides for the retirement of rural postmasters over 70. I can understand that having some general application but I do think that the regulations should provide for certain elasticity to meet special circumstances. I am quite sure that in very small places the department will find some difficulty in getting persons to replace the present postmasters. In my constituency there are a number of very estimable people who have performed this service for 30 or 40 years. There is one man to whom I might refer by way of illustration. He is a splendid old gentleman. The Postmaster General knows of the case. He is one of the few living monuments to Victorian Toryism in my constituency. He is loved by everybody. As a sentimental old revolutionary I want to say right here that I protest very much against the unfair treatment of some of these ancient Conservatives in my riding who have rendered such long and faithful service. I hope that the government will reconsider these cases, particularly where it is going to be very difficult to find someone to replace them.

I should like to say a word or two about the new post offices that are being built across the country. I think that the building of permanent, attractive, small post offices in the smaller villages and towns of Canada to a greater extent than has been carried on in the past is an excellent policy. I like the policy of the Department of Public Works, to build these post offices at a time when it will do the greatest good in relieving local unemployment. I am sure that the local people are quite willing to have the building of these post offices delayed for three, four, five or six months if it is going to serve that excellent purpose when they are being built and not have them built when there is

plenty of activity going on in the construction field and so on. These small post offices are very much appreciated by the people in the smaller towns and villages. I have had a number of people write me about them and say they add to the local morale and pride. I hope that the government will continue this program.

I want to say a word or two about the ventilation and air conditioning in two of our larger post offices. I mentioned it on the public works estimates but I bring it to the minister's attention so that we will have the problem approached from both angles. Owing to the location of the city of Trail and the surrounding hills, which are not covered to date with a very heavy forest growth, there are at times very high temperatures in the summer months, and I think that some consideration should be given to air conditioning there during the two or three very hot summer months.

The next condition about which I complain is one from which the employees in both the Nelson and Trail post offices suffer. I was in the Nelson post office and watched the unloading of the postal bags. Lint seems to come off the bags and get into the air as a result of the handling of hundreds of bags and the ventilation in both post offices is such that the lint is not carried away by the ventilating system.

It hangs in the atmosphere above the sorting tables, shelves and bins. I told the local employees of both post offices I would bring the matter to the attention of the Postmaster General on his estimates and I have kept my word in that respect.

Now, before I conclude I do want to say a word with reference to the remarks made by the hon. member for St. Denis. He spoke with rather subtle humour, but with an element of congratulation very cleverly concealed, and said that there had been an improvement in the design of the stamps since the present Postmaster General took office. I recall that the present Postmaster General used to criticize the stamps issued by the former administration, and he was then the fire and brimstone member as far as the Post Office Department was concerned. However, I think he has done something to improve them.

If I remember correctly, during the last session he said he would enlarge the number of people with whom he would consult in this connection. I presume he has done that because I think there has been a decided improvement, and I have heard other people say that there has been a slow but progressive improvement in the design of Canadian stamps. Mind you, we have a long way to go yet when we look at the beautiful stamps issued by some of the very small South American countries, the small South Sea islands, Borneo, and places like that. I think we have a long way to go yet, but I do think there has been improvement.

I want to refer to the stamp that the Postmaster General issued to commemorate the associated countrywomen of the world, at the suggestion of the Federated Women's Institutes of Canada. I like the idea of having co-operation with such organizations, and I suggest that approach should be continued. In this case, the women's institutes commemorative stamp committee was composed of Mrs. T. H. Howes, Mrs. James Haggerty, and Mrs. E. J. Roylance, who is a postmistress at the present time. These ladies did a very effective job in connection with the distribution of these stamps. I think this practice ought to be continued, whether it is in connection with, shall I say, occupations such as agriculture or mining or lumbering, forestry or certain trades and crafts, or whether it is commemorating a historical event that may occur at any place across this country from time to time, or historical persons. I trust the time will not be far distant when the Postmaster General will be introducing a stamp, the central figure of which will be the Mica creek dam on the Columbia river.

I like the idea of getting the co-operation of public organizations, because I am one who believes that if democracy is to function in the days ahead we have to get an increasing number of people in Canada to accept some personal responsibility and interest in all levels of government, whether it be federal or provincial. We also have to get larger numbers of people co-operating in advising on committees such as this, so that we have a greater enmeshing of those who govern with those who are being governed. This is the type of administrative twine, I should say, that will build a strong democracy.

I look forward to continued improvement in the design of stamps and, on the part of the minister, continued co-operation with various groups in Canada who by working with the department or other government organizations feel themselves to be a part of the government of Canada instead of something separate and aside. That is all I have to say at this time.

Mr. Weichel: My remarks concerning the post office estimates will be brief. We all agree that post office business is big business and requires constant action on the part of the Postmaster General, his deputy, the officials in the department and all the em-

ployees in order that this improved service cannot but go on to greater things from day to day.

As a former postmaster I was very pleased to read an article which appeared in the postal *Tribune*, which is published in Montreal, on April 19, 1959. I am going to ask our Postmaster General if he would be good enough to read that article later on in the evening. It refers especially to some of the visits he has made. I was impressed with these remarks, as I can well remember that in my 35 years as a postmaster and supervising postmaster I never had the privilege of receiving a visit from any postmaster general until our present minister visited my office and others in my constituency. I should like to commend the Postmaster General for this most appreciated change in policy. This is a step in the right direction and his personal contact with the employees has given these civil servants the feeling that they are an important part of a great organization working for the good of the Canadian people. I hope he may continue the practice for many years.

I understand that improvements in the Post Office Department have been gradual, but there is ample evidence that all changes have been to the benefit of the service and of the employees who have been loyal in their daily duties. This loyalty is recognized by the Postmaster General and I feel certain that he will be ready to assist these fine employees with all their problems. On one of my recent trips to my constituency I was privileged to visit the Kitchener post office. This city has grown to such an extent that I found the present space in this building inadequate. In presenting this condition to the Post Office Department I suggested that a new post office should be built in the near future in order that the postmaster and his staff could continue the same excellent service that has been provided in the past. My recommendation is being investigated by the department, and I do appreciate the fine co-operation that has been extended to me in regard to this urgent matter.

In closing my remarks, Mr. Chairman, as a former employee, I should like to extend the appreciation of all employees to the Canadian postmasters association and its affiliates in each of the provinces. These associations have done splendid work and are grateful to the Post Office Department for their kind assistance and co-operation.

(Translation):

Mr. Brassard (Lapointe): I should like at the outset to congratulate the minister on his performance this evening. I am sure that everybody will agree that his performance tonight was second to none which he used to put up when he sat on the opposition benches.

Mr. Chairman I listened very carefully to the very clear and elegantly phrased remarks of the hon. member—is it for St. Hyacinthe-Bagot (Mr. Ricard)—about the speech made tonight by the hon. member for St. Denis (Mr. Denis). I am in complete agreement with the hon. member for Kootenay West (Mr. Herridge) about what he said in his very first sentence, i.e., that the hon. member for St. Hyacinthe-Bagot had completely missed the boat, when listening to the hon. member for St. Denis.

The hon. member for St. Denis was perhaps ironic, sarcastic and humorous, and I am not too much surprised that the hon. member who followed him should have failed to grasp fully what he meant. Besides, I took the trouble of looking up the definition of the word "humour" in order to make its meaning clear to the hon. member for St. Hyacinthe-Bagot.

The *Quillet* dictionary, page 2826, says:

Humour is actually something which cannot be defined: it is a form of pleasant irony, particular to the British turn of mind—

But I must admit here that the French have improved on it...

—which is both satirical and sentimental; a mixture of gaiety and sadness, of sensibility and bluntness, of deep philosophy and charming levity.

After reading the definition of the word humour in *Quillet* dictionary, Mr. Chairman, we are not surprised that the hon. member for St. Hyacinthe-Bagot did not understand the gist of the speech made by the hon. member for St. Denis.

Mr. Chairman, I should like to take a few minutes to put two or three requests to the hon. Postmaster General. I hear one of my hon. friends say that they also have some requests to put to him. I hope they will do so.

First, I should like to congratulate the Prime Minister (Mr. Diefenbaker) for having appointed the hon. member for Notre-Dame de Grace (Mr. Hamilton) as Postmaster General. He is the only one, in fact, who, while in the opposition, was dead set against one department, and who got it once the Conservatives took office. The Minister of Finance, the hon. member for Eglinton (Mr. Fleming) for his part, was dead set against the C.B.C., and he was appointed Minister of Finance. The Secretary of State for External Affairs (Mr. Green), who was dead set against the merchant marine, was appointed to the position I just mentioned, as well as Minister of Public Works. There is also... I feel, Mr.

Chairman, that I should come back to the subject under study before you ask me to do so.

Mr. Chairman, I would ask the Postmaster General to kindly consider the representations of mail carriers in my constituency, and, I think, in other constituencies in my area. Mail carriers in the city of Jonquiere each have to serve from 600 to 625 homes. Carriers in the city of Alma, which is located in the riding of my hon. friend from Lake St. John (Mr. Parizeau) each serve from 450 to 470 homes.

An hon. Member: Is this a matter of politics?

Mr. Brassard (Lapointe): No, I do not think any politics are involved. However, I should like the Postmaster General to investigate and see whether it is not asking too much to have mail carriers serve between 600 and 625 homes. I know the minister showed great concern for people when sitting on this side, and I am sure he is still concerned. I therefore ask him to kindly have this matter looked into by his officials, to determine whether something might be done in this regard.

There is another problem arising in Jonquiere and Kenogami, and I refer to the distribution of circulars. Within a period of three months, at Jonquiere—I cannot give the exact figure—but mail carriers had to deliver thousands of circulars for which the post office charges 1½ cent postage. I think it has often been requested, particularly by the postal employees association, that a ½ cent bonus be paid to give some encouragement to mail carriers when they have to deliver such circulars, because this involves a great deal of extra work, and with the 600 or 615 or 625 homes they have to serve, I think it is really asking too much.

I therefore urge the minister to give serious consideration to this matter and to see whether some way could be found to meet the problem.

Before resuming my seat, Mr. Chairman, I would also point out to the minister that part of Jonquiere, which is called Jonquiere-North, with a population of close to 7,000 people, has no post office. To be frank, I must say there once was a sub-post office there, but some irregularities occurred, and the office had to be closed. However, nothing further was done. Perhaps the minister could send an inspector in the area to meet the people concerned, and find out whether the situation might be corrected. People living across the Sable river, which runs through Jonquiere, have to cross the river into St. Dominique parish to have a money-order made up, or to register a letter. There have been many complaints, and people have been writing to the Post Office Department in this connection. I therefore ask the minister to investigate the matter and to send someone in my constituency to work out a solution to this problem, which is really urgent.

[Mr. Brassard (Lapointe).]

Mr. Deschatelets: I just want to make a few brief remarks. First, I want to congratulate my colleague the member for St. Denis (Mr. Denis) for his remarkable account of the errors and the unkept promises that the Postmaster General (Mr. Hamilton) has made since he has left this side of the house.

Now, if the hon. member for St. Hyacinthe-Bagot (Mr. Ricard) is interested in reading silly speeches, ridiculous suggestions, destructive criticisms, unfair insinuations, I invite him to read the speeches that the hon. member for Notre Dame de Grace made between 1953 and 1957.

(Text):

I should like to say, Mr. Chairman, at this stage that we are worried over the fact that the costs of this department are increasing steadily year after year, especially because the services are not improving at the same pace. In fact, according to the latest statistics furnished by the minister himself on June 24 we have evidence that non-delivered letters have increased from 36,000 to nearly 42,000 during the period from 1956-57 to 1957-58. This continuous increase in the cost—

Mr. Hamilton (Notre Dame de Grace): Would you give the figure for the delays I gave in that same report?

Mr. Deschatelets: I will leave this matter to the minister himself. I am speaking now just of non-delivered letters. I am sorry if in his statement the minister forgot to mention so many important items such as this one. Then I will continue my remarks. This continuous increase in the cost gives us the opportunity tonight to salute the hon. member for Notre Dame de Grace as the most expensive Postmaster General Canada has ever had since confederation.

Mr. Hamilton (Notre Dame de Grace): Good value comes high.

Mr. Deschatelets: These increases in cost are really surprising when we have at the head of the administration a man who so often professed a philosophy favouring public

savings. We on this side of the house of course are not against an increase in the cost but we want the services to improve at the same pace. We do not want to have promises; we do not want to have words. We want to have improvements for the Canadian citizens especially—and I repeat this—when we have at the head of the administration a minister who when he was on this side of the chamber was distinguished much more by his imagination than by his judgment. I do not hesitate to use these words because I know I am dealing with a man who can take a well-deserved punch on the chin and come back for more. I have a few other questions that I intend to ask when we reach further items.

Mr. Benidickson: I wish to associate myself not only with the hon. member for St. Denis but with the hon. member for Kootenay West in respect to the comments they have made on the minister's estimates.

The previous speaker indicated that he was disappointed because some of the things which seemed to be very prominent in the intentions of the minister when he was sitting on this side have not been fulfilled. The hon. member for Kootenay West indicated that he thought, as I do, that the minister is a hard-working member of the government who pays great attention to his department. I want to endorse that view.

The other point I want to make is this. I want the minister's guidance—I do not think he will be minister for very long; maybe just another two years—I want to know for the next two years what principles he feels are proper in his department. I, myself, know something about being on the government side and during that period I always wanted to be relieved of personal correspondence if it was of a routine nature and if it did not require ministerial or personal judgment. Now I want to draw the attention of the minister to the fact that having that in mind I thought I was sparing him from correspondence which would require his attention, unnecessarily as it seemed to me, although it involved something in my constituency which was very important. I refer to the extension of a letter carrier service to a section of the town of Kenora.

I have made an analysis of my file and of my diary and it involves as many as 40 items in the last two years during the time the minister has been in charge of the Post Office Department. It involves letters, telephone calls and other approaches to his officials. The minister and I are friends, and if I had wanted to utilize that friendship I could have called the minister, but instead, with regard to these 40 items, I communicated with senior officials of his department. Now I simply want to ask the minister whether or not it will continue to be his policy that when a decision is made which is of interest to a member of parliament who has been operating in this fashion and making 40-odd contacts with his department, he proposes, henceforth, to advise the defeated candidate in the constituency of the member concerned ten days before he advises the member of parliament who has taken an interest in the matter all along.

The alternative course which I could have pursued during those two years would have been to ask the minister questions on the orders of the day about the progress which was being made, or to bother him by personal correspondence. I should like to have an indication of whether or not it is going to be the standard policy to pull out the rug from under a member of parliament who has been active with regard to a matter which is of concern to his people. As I say, my diary indicates 40 separate contacts with the hon. gentleman's officials. I thought I was sparing the minister a good deal of trouble. I like the minister, and I could have bothered him if I had chosen to do so.

Mr. Carter: I should like to associate myself with those who have paid compliments to the Postmaster General and I should also like to voice my appreciation of the consideration which I have received from the officials of his department both here in Ottawa and in the district office at St. John's. I should also like to support the plea which was made by the hon. member for Kootenay West for an increase in the salaries of the postmasters and mail carriers. The complaint which I have to bring before the Postmaster General at this time is that the salaries of a great many of the postmasters in Newfoundland have decreased during the past year.

Hon. members may not be aware of this, but before confederation the postal and telegraph services of Newfoundland were combined under a department of the government and the employees had the status of civil servants. After confederation the job was split up and the people engaged in it acquired two masters. As to their postal duties, they are responsible to the Postmaster General in Ottawa, and with regard to their telegraphic duties they were responsible to the superintendent of Canadian National Telegraphs. But they still carried on exactly as before, keeping the same hours and doing the same job and in their own minds they still regarded themselves as civil servants. The important thing to remember about these people is that they have

no opportunity to supplement their income in other ways, because their C.N.T. duties require them to be at their posts at all hours of the day.

Last year I brought before the house a vigorous complaint that Canadian National Telegraphs had made a decision to change the instruments which these people were using from what were called wireless sets to radio telephones. My complaint was based on two grounds. The first was that this change resulted in a lower standard of service and the second was that it resulted in a drastic reduction in the salaries of these postmaster-telegraphers as we call them now. That was bad enough, but I have recently received several letters informing me that another hardship has been imposed upon them in that their annual leave has been taken from them. Because they are no longer using wireless instruments, it is said that they now have a different status and are no longer eligible for annual leave. But they are doing exactly the same work as before. As I have said, their salaries have already been reduced and in some cases almost to a bare existence level, therefore these people cannot afford to have holidays at their own expense. If they cannot get holidays with pay, they cannot have holidays at all. It seems to me that somewhere we have on our statute books legislation which requires all federal employees to be given two weeks holiday with pay.

I want to ask the Postmaster General to look into this matter because I attribute a certain amount of the responsibility to him since it was the post office which originally made this agreement with Canadian National Telegraphs. Therefore they have a responsibility to see that these people are treated humanely and justly.

The other point I want to bring to the minister's attention is the matter of the small rural post offices which were also referred to by the hon. member for Kootenay West. In my own province and in my riding we have what amounts to discrimination in the establishment of these post offices because it all depends on whether a settlement had a post office building before confederation. There are lots of settlements that have sprung up since confederation which still cannot be provided with a post office building under the present policy of the federal government although this same government does provide many smaller settlements with post office buildings.

A settlement that has 70 or 80 families is too large a settlement to be served from a room in somebody's residence and that is what is happening in a great many cases. I urge the minister to look into the situation and to revise the policy so that post office buildings will be provided on the basis of need and not on the basis of revenue or on the basis of a building having existed prior to confederation.

Mr. Smith (Lincoln): Mr. Chairman, my remarks at this time will be brief. I should like to bring to the attention of the minister the matter of summer uniforms for the letter carriers. During the last two or three weeks I have received several complaints from letter carriers in my community stating that the uniform they have to wear in the summer months is too heavy. I made some inquiries into the matter and as far as I can determine there is no distinctive summer uniform for letter carriers. I feel that this is a matter to which the Postmaster General might give serious consideration because our policemen, firemen and other public servants do have light weight uniforms for summer wear.

I also wish to concur in what has been said in connection with small post offices. In the riding I represent we still have a number of small rural post offices that certainly are not a credit to the department. I feel that in the years to come everything possible should be done to eliminate those post offices that have inadequate space. I am sure the minister will give that his serious attention.

Item agreed to.

295. Operations—including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, including administration, $103,037,621.

Mr. Deschatelets: Mr. Chairman, I have a question to ask the minister which I hope comes under this item. I am interested in knowing who holds the contract for parcel post service in the city of Three Rivers. Would the minister have that information?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, my officers are on the way down. I might be able to get the information for the hon. member in a moment.

Mr. Deschatelets: I should like to know who is the holder of the contract for parcel post for the city of Three Rivers at this time. Also, were tenders asked for by the department before the granting of this contract? Could the minister give me the names of those who tendered and also the amounts of the respective tenders? I should also like to know who was the previous holder of this contract and the reason for its termination.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, since we have approximately 8,000 transportation contracts of one sort and another in existence in Canada I think it

unlikely that the details of each one of the tenders would be available here this evening. If the hon. gentleman would be satisfied, though, I would be delighted to send to the department for the information which I could give him in approximately 15 or 20 minutes or I could give it to him in the morning. We certainly could acquire it for him.

Mr. Benidickson: As I understand it, Mr. Chairman, the minister has not replied to my question. Would he hope that hon. members on this side would address their correspondence particularly to him in order that he could reply personally on something that perhaps we did not regard as controversial or political?

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, before replying I was waiting until we had collected all the questions but if the committee wishes it I could perhaps answer those questions that have been raised up to this point before going any further.

I might deal first with the remarks of the hon. member for St. Denis who rehashed, as he did last year, my speeches of the last four or five years and threw in a few new newspaper quotations. One of the main themes of his remarks was that these things were visionary, these things were not actually coming into being, these things were looking to the future. The hon. gentleman has only to ask the additional 125,000 householders who are now having mail delivered to their doors this year, the 16,400 people on rural routes who are getting mail delivered to their homes for the first time. The hon. gentleman can go and look at the new machinery, particularly in the Vancouver and Winnipeg post offices, which is more modern perhaps than any other parcel handling machinery in the world. The hon. gentleman can ask those people who for the first time—to cite one of a dozen examples—are now receiving receipts at post offices without having to bring them in themselves. The hon. gentleman could go out to Vancouver and look at the new scooters which are under test out there. The hon. gentleman may not like our new stamp designs but he can read the publications of the philatelic world and find credit being given to the department for improvements in Canadian stamp design. I suggest, Mr. Chairman, that these are very real and present improvements and achievements in the department.

The hon. member made reference somewhat critically to our budgetary situation, suggesting that I had looked forward to a break-even point as far as the departmental operation was concerned and that I felt the department should be operated on a break-even basis. We are operating on a break-even basis. This year we have a deficit of $173,000 on a total expenditure of $180 million-odd. I suggest to the hon. member for St. Denis that if there is any possibility of coming closer to a break-even point than $173,000 on an expenditure of $180 million-odd, I should be very much surprised.

Mr. Benidickson: And your premises are charged to the Department of Public Works?

Mr. Hamilton (Notre Dame de Grace): Yes, very definitely. On the other hand, of course, we give a great deal of free mail service including that given to the hon. member for Kenora-Rainy River and all other hon. members of this committee.

Mr. Benidickson: I do not use it very much.

Mr. Hamilton (Notre Dame de Grace): There are a number of other areas in which we give service which to some extent would offset that.

The hon. member for St. Denis in talking about our new equipment referred to possible reductions in staff and the worries of the staff with respect to automation. I wish to assure him that the staff themselves—and this is the important consideration—are not worried about the automation referred to. They are forward looking people. In their postal *Tribune* for April, 1958, which is their own official organ, they had this to say in their editorial:

> Postal employees need not fear automation providing the authorities and the workers use the benefits of automation for the improvement of working conditions as well as the service. While machine may replace much manual sortation, it will create many higher technical positions. Some employees now manually sorting mail must be prepared to change over to new duties. It must also follow that employees will expect to receive higher compensation for assuming higher technical responsibilities. This we hope will be settled around the bargaining table.

This, we hope will be settled around the bargaining table, and will be a part of the responsibility which their association will assume in this connection. I want to assure the committee that our own employees are looking forward to these improvements with the same anticipation and with the same interest as the administration of the department.

The hon. member for St. Denis was somewhat critical of something which is frankly quite close to my heart, and this is my practice of travelling across this country in order to keep in touch with postal operations and with postal employees, because I have made it very clear, Mr. Chairman, that I believe the foundation of any successful operation of the magnitude and size of the post office is

people, people at all levels, and nothing else, and that there is a responsibility on the part of the minister of this department to know what is going on in the department at every level and in every part of the country.

I had a quotation in my notes but I had not intended to deal with it or quote it, and I am doing so only because of the point which the hon. member raised because it proves the value of these constant contacts. I find in the association's magazine for April, 1959, the following editorial:

> It is well known that our Postmaster General when visiting a city, makes it his business to go through the post office. He talks to as many employees as possible and asks very frank questions to which he expects a frank reply. His attitude is friendly and he seems determined to find out all he can about the service and the problems of the employees. This is a radical change from the policy of former postmasters general and gives the employees the feeling that they are not just a number.

The hon. member for St. Denis can laugh all he likes, but when I get that kind of appreciation from the staff I intend to continue that policy.

Mr. Benidickson: Are they going to get an increase in pay?

Mr. Hamilton (Notre Dame de Grace): That, Mr. Chairman, is a matter of government policy which will be announced in due course; but my primary concern is in those fields where I have some responsibility.

Mr. Benidickson: I approve your travels.

Mr. Hamilton (Notre Dame de Grace): I think that reasonably deals with the hon. member for St. Denis.

I might give another quotation from this employees' publication which in the past has not been very complimentary at times to the department. This is from the April, 1959, issue:

> While the change has been gradual, there is ample evidence that all changes have been to the benefit of the service and the employees.

There, they mean the public service. This is what they said in their news magazine about the relationship with our senior officials of the department.

I will be very glad to take up the points raised by the hon. members for St. Hyacinthe-Bagot, Waterloo North, Lapointe, and Maisonneuve-Rosemont. Because the hon. member for Maisonneuve-Rosemont put a very misleading figure on the record, I might just point out that he referred only to non-delivery of mail when he quoted the figure of 6,000 and 41,000-odd. I think he should also put on the record information which was given in the same return to show the delays were down from 30,000, to 26,500, and he might also have kept in mind that the over-all picture showed a general reduction of 10,000 in those inquiries this year specifically since—

Mr. Deschatelets: A few moments ago when the minister referred to the non-delivery was he quoting delays?

Mr. Hamilton (Notre Dame de Grace): Delays are down from 29,966.

Mr. Deschatelets: Was the minister comparing the period 1955 to 1957-58?

Mr. Hamilton (Notre Dame de Grace): No; I was comparing the year 1957-58 to 1956-57.

Mr. Deschatelets: Because the figures I gave were for the period 1955-56. The 1957-58 figures cannot be accurate enough to quote.

Mr. Hamilton (Notre Dame de Grace): I understand. As far as the member for Kenora-Rainy River is concerned, I will be very glad to look into the point which he raised and see what can be done about it, but I want to assure him that any time he wants information, either in this house or outside, I will be delighted to give it to him just as promptly as possible.

Mr. Benidickson: I know that, but I had used the other method.

Mr. Hamilton (Notre Dame de Grace): I think that covers the situation generally. The member for Burin-Burgeo raised the same point he raised last year.

Mr. Benidickson: May I interrupt the minister at this point; I think it is a pertinent point. I think the betterment that was made available that pertains to my town of Kenora was as a result of a conference with postal people last autumn where certain regulations were made more agreeable. Would the minister have available that new information because it would apply to a great number of other ridings, or would he prefer to give that information at a later time?

Mr. Hamilton (Notre Dame de Grace: Basically, what the hon. member is referring to, I think, is the practice we have developed of bringing in our senior officials from all over Canada for a discussion on their operating problems, and out of that arose last year a proposal to change our regulations in the letter carrier service to allow us to include many of those suburban areas that previously had been excluded. While I cannot be certain, because we do not have the information here—again we can get it for the hon. member—I believe that this service which was instituted in Kenora arose out of our new regulations.

Mr. Benidickson: Yes; but, Mr. Chairman, is it now in the form of a regulation, something in writing, that would be available to all of us?

Mr. Hamilton (Notre Dame de Grace): Oh, yes, very definitely, Mr. Chairman.

Mr. Benidickson: Because previously my understanding was that there were certain limitations as to the number of calls that would have to be made, according to the elevation of the land, and whether or not it was possible for the carrier to find a convenient location for his call, and that kind or thing. If that has been changed, is it available to the public?

Mr. Hamilton (Notre Dame de Grace): Yes, Mr. Chairman, and I will be very glad to see that tomorrow the hon. member gets an outline of the existing regulation covering our extensions.

Mr. Nixon: Before this item passes, Mr. Chairman, I have a couple of points that I would like to bring to the minister's attention. The first one is the remuneration paid to postmasters in rural post offices, which I believe is worthy of some consideration and survey. I have in mind one instance in particular, that of the Echo Bay post office in my riding, where the remuneration was cut from $2,400 to $2,000 since the present postmaster was appointed in July, 1957. In the meantime, this man has provided a new post office quarters, centrally located, light, heat, telephone, insurance and so on, and new postal boxes have been installed for the convenience of the public. A request to the district office for an increase to $2,700 was refused. The postal authorities claim that his is a part-time job but the post office is open from 9 a.m. to 6 p.m., Monday through Friday, and from 8.30 a.m. to 12.30 p.m. Saturdays. I am sure that many other rural post offices are probably working under the same or similar difficulties, and in view of the fact that since the close of the fiscal year 1956-57 to the end of the year 1958-59 post office expenses have risen by over $30 million and estimates for the current year will add more than $1 million, it is not fair that small economies should be practised to the extent of reducing remuneration where increasingly good service is being rendered. I would suggest to the minister that he have a survey made and see if this abuse, if it is in order to call it that, cannot be corrected.

I have another matter which I should like to draw to the attention of the minister having to do with the rural directories which are produced yearly. I do not believe that they are receiving proper attention when being compiled because in many instances they do not provide an accurate record of people living in the community. For instance, I have found that people who have lived in certain areas for years have been omitted, occupations listed are incorrect and the names of new residents are not being added. It would appear that the same list is just reprinted from year to year, which I hope is not the case. I would ask the minister to make a personal note of this matter with a view to having more accurate listings in the next issue.

Mr. Pickersgill: I should like to echo the words of the hon. member for Algoma West on both points. The rural directory is of very great advantage now but it could be of very much greater advantage if it were kept a little more up to date. I made a suggestion to the minister privately that I think would make it very much more effective. I suggested that he might indicate by an asterisk whether persons listed are married or unmarried. For some purposes it would make the document very much more valuable and it might be that the minister could raise the price a little. The hon. member for Essex East has some ideas on the subject which I do not think I will repeat to the committee.

Mr. Martin (Essex East): Constructive ideas.

Mr. Pickersgill: Very constructive ideas, I might add. I should also like to echo what the hon. member for Algoma West has said about revenue post offices which in fact, whether or not the department says they are part-time, have to be kept open every day. That is particularly true in the province of Newfoundland where the telegraph systems are also in the same offices, and for many of these postmasters their remuneration is ridiculously low in this day and age. The minister knows, of course, that he spends a great deal less in Newfoundland than he does in other provinces because he only has five rural mail carriers in the whole province compared with 177 in Prince Edward Island, 391 in New Brunswick and 355 in Nova Scotia.

Mr. Hamilton (Notre Dame de Grace): In fairness would the hon. member read the second part of the answer which indicates that there are more post offices in Newfoundland than three out of four of the Atlantic provinces?

Mr. Pickersgill: Yes, there is a slight difference. In Nova Scotia there are 914 revenue post offices, in New Brunswick 533, in Prince Edward Island 91 and in Newfoundland 605. Considering that the area of Newfoundland is about three times that

of New Brunswick and about four times that of Nova Scotia, there does not seem to be any great disparity there. The figures are not out at all when you compare five rural mail carriers to 355, 391 and even 177 in Prince Edward Island.

Mr. Chevrier: Mr. Chairman, I listened carefully to the answer the minister gave a moment ago to the hon. member for Kenora-Rainy River with reference to government policy as to salary increases. I do not want to go into the matter at length other than to tell the minister that I have received from the constituency I represent a number of letters concerning the salaries that are being paid to mail carriers and others at the present time. I should like to know from the minister whether there are several categories of mail carriers across the country. Are carriers in cities, for instance, paid more than carriers in towns or are they all paid a uniform rate? If they are all paid a uniform rate, can the minister indicate when they may expect to get an increase in salary because I am sure that the commission and the department have taken into consideration the fact that the cost of living has gone up from the time the last increase took place. Without giving away any secrets, I wonder whether the minister could give some indication whether or not a salary increase is in mind for these carriers?

Mr. Hamilton (Notre Dame de Grace): In answer to the hon. member for Laurier, all our letter carriers across Canada are paid the same basic salary with the normal civil service increases. As far as an increase or change in their salary is concerned, that is one of the matters which I presume is under consideration at the present time by the civil service commission and about which we have had a number of questions in the house recently. It is something which is not directly the responsibility or concern of the department although we are very interested in the matter generally.

Mr. Chevrier: Are the minister and the department concerned to the extent of making representations to the civil service commission about increases for the various employees of his department?

Mr. Hamilton (Notre Dame de Grace): From time to time the commission will discuss matters with us but I think I can say that remarkably effective representations have been made both by the letter carriers association and the Canadian postal employees association and I doubt whether there is anything we can add to their representations.

[Mr. Pickersgill.]

With respect to the matter of revenue postmasters, their remuneration is based essentially on a measurement of the work going through their offices. The particular case which was referred to a little while ago probably arises because when the work drops in an office we hesitate, as long as the existing postmaster is there, to reduce his stipend, but when the postmaster changes we then bring the stipend in line with the current volume of work. These are rate and work measurements which apply right across the country and which generally prove to be pretty fair.

Mr. Nixon: Does the minister not think that another look should be taken at this arrangement?

Mr. Hamilton (Notre Dame de Grace): I am sorry, Mr. Chairman. I should have said that I certainly will look into the particular case which the hon. member drew to our attention to see if, as occasionally happens, there is something here which is unusual that deserves consideration.

Mr. Pickersgill: The whole formula needs to be looked at again.

Mr. Carter: The Postmaster General indicated in his reply that I was repeating something which I raised last year. In case he may have misunderstood me, I want to make it perfectly clear that the situation which I have described with respect to postmaster-telegraphers is a new development which has taken place within the last three of four weeks, and one which also represents a further deterioration in their financial position.

Mr. Herridge: I should like very briefly to support the complaint raised by the hon. member for Algoma West with respect to the post office directory. I have felt, at times, it is not very frequently revised. In looking over my list a few days ago I saw one man's name and his occupation was listed as labourer. He was a labourer 40 years ago, but he has gone a long way since then. It is apparent the directory is not kept up to date.

Mr. Tucker: I am sure the Postmaster General will agree with me that the hon. member for Trinity-Conception has not given him or his officials any unnecessary work this session. I shall not now delay the passage of his estimates unduly. However, there are one or two matters I should like to bring to his attention.

A short time ago I wrote the Postmaster General on behalf of the residents of Goose Cove, Trinity Bay, who wanted better postal service. An investigation was made and a

proper reply was received from the Postmaster General but the application was turned down. In view of the fact the residents of Goose Cove have to go to the post office at Trinity, I should be grateful if the Postmaster General would give consideration to the placing of a letterbox at Trinity Junction where letters could be mailed, thus avoiding a trip to the nearest post office at Trinity. I understand that before the Canadian National station at Trinity Junction was burned, there was a place in which these letters could be placed. I should like also to know why some of the new post offices in Newfoundland have lock boxes to which practically everyone has access.

For instance, the post office at Bell Island has about 1,000 boxes, and it is a known fact that any person who has hired a box and possesses a key can open from two to twenty other boxes with the same key. This has no doubt caused much embarrassment and concern to the postmaster at that settlement, as well as to the R.C.M.P. and the holders of post office box keys. I understand also that pilfering has taken place there, but of this I am not sure.

Finally, Mr. Chairman, in view of the fact the stamp vending machine at the general post office in St. John's is so often out of order, I wonder if the minister would give consideration to supplying a second machine.

Mr. Howard: This seems to be the appropriate time in the evening to raise a particular matter. It has to do with the rural directory to which reference was made. I have just one question to pose to the minister. The directory I have, which is for the constituency of Skeena, in the abbreviated indications for occupation of the individuals listed has, in a number of places, the initials, "ind." without any indication in the table as to what "ind." means. I wonder if the minister could explain to me for what the initials stand?

Mr. Hamilton (Notre Dame de Grace): I must admit that both the officials who are with me and I are stumped, but we shall see if we can get the information in a moment or two. We shall certainly look into the matters in Newfoundland which were raised by the hon. member who spoke a few moments ago.

For the benefit of the hon. member for Maisonneuve-Rosemont, who asked me a question a few moments ago about parcel post service, I may say that the former contractor was Mr. Clement Carignan, who held a contract which expired on June 30, 1959, on the basis of 9 cents per item delivered. As a result of tenders the contract was passed to Mr. Albert Desaulniers, who tendered on the basis of 8 cents per item. You will see, therefore, as a result of these tenders there was a substantial reduction in our cost.

Mr. Deschatelets: Was he the only tenderer?

Mr. Hamilton (Notre Dame de Grace): As I said, this is the only information I have here. I shall get the other information as quickly as I can.

Mr. Benidickson: Does the Postmaster General select the designs for stamps? We have heard criticism not only of the current stamps but of the stamps selected by his predecessors. What is the process in connection with the selection of a design for a stamp?

Mr. Hamilton (Notre Dame de Grace): I am afraid I am the guilty one in that connection. I noticed in looking over the designs for a number of years under my predecessors that they were all authorized by the deputy postmaster general until I came into the picture. Apparently, the ministers had nothing to do with them. I must say I have taken an interest in these stamp designs. The practice which is followed is that, having decided on the subject, we ask one or more artists to prepare a design which is then reviewed, not only by myself but by various other people.

Mr. Benidickson: Is this a patronage matter?

Mr. Hamilton (Notre Dame de Grace): Very definitely, no. Then the design is approved and goes through the normal processes of production. In order to give the hon. member for Kenora-Rainy River some idea how difficult this situation can be, I may say we are currently working on a new air letter, aerogram design. We had some seven different designs and I took them with me the other day when I was speaking to a stamp club. I think there were about 20 people around at the end of the meeting, and I asked each one of them to choose his favourite design. Then, I tabulated the results. There were five people who chose one design; four people who chose another; three people who chose another; three people who chose another, and two other designs were selected by one person each. What I am saying is that out of about 17 people their choices were spread amongst six out of seven designs.

Mr. Benidickson: But the minister will decide.

Mr. Hamilton (Notre Dame de Grace): Therefore somebody has to accept responsibility for deciding, and that happens to be me. I would remind him that if he did not like the associated countrywomen of the world stamp, which is possible because some

people did not, I think he will find the St. Lawrence seaway stamp and the one commemorating the Queen's visit to Canada, very good ones indeed.

Mr. Granger: I should like to make one or two remarks about the salaries of postmasters in the small communities in Newfoundland which are quite low. I believe these salaries include a small amount for rent, out of which must come the cost of repairs and maintenance of the post office quarters. I would just ask the minister to keep this matter under review, as I believe he has.

Mr. Bourque: I should like to ask a couple of questions of the minister, but before doing so I should like to say that I differ slightly from the remarks made by my colleague, the hon. member for St. Denis. He said the minister had gone all the way to Sydney to say hello to the people of Sydney. I have known the minister for some 25 years, ever since he was a little lad, and I am sure that he is too good a politician to go to Sydney just to say hello. While there he would take advantage of saying a long goodbye, so we can divide the cost of that trip by two and make it only 50 per cent because I am sure he took advantage of that opportunity.

I should like to ask the minister a question. Last year he told us that in carrying preferential rate mail there was a deficit of $18 million. What was the deficit this year?

Mr. Hamilton (Notre Dame de Grace): Actually, Mr. Chairman, we make an analysis of our mail once every three years and on that analysis we base an estimate which carries for three years. These figures are in the course of preparation at the present time. We would expect to have them in October of this year which would then give us our comparison for October 1956 or thereabouts when the last estimates were prepared.

Mr. Bourque: When the minister gets those figures, will he be able to give us a breakdown of what the loss is for carrying United States periodicals, etc. and what the loss is for the Canadian periodicals?

Mr. Hamilton (Notre Dame de Grace): No, unfortunately because one periodical is classed with another. Many of these United States periodicals are mailed right here in Canada and we will not be able to differentiate between Canadian and United States periodicals.

Mr. Benidickson: But it is millions.

Mr. Bourque: But as my colleague the hon. member for St. Denis has said, you get statistics on the number of miles travelled to deliver mail and how many pounds went across in the year. You get statistics for practically everything. I think it is of the utmost importance that we should know what the cost is for carrying the United States mail—that is for periodicals, newspapers, et cetera—and what the cost is for Canadian mail. When an increase is put into effect, it is the Canadian editor that pays. Therefore we should know definitely what the breakdown is between the cost of United States periodicals and Canadian periodicals. Does the minister think it would be possible to get that information?

Mr. Hamilton (Notre Dame de Grace): Of course, Mr. Chairman, I think there are two points here to be dealt with without debating the matter overly long. One is that it is not necessarily the Canadian publication that pays. The great majority of United States periodicals which are carried in the Canadian mail are deposited in the mail here in Canada. Therefore we enjoy revenue from them in our Canadian postal services.

The second thing is that it would be an extremely costly business to perform further studies to separate these costs. But I want to suggest to the hon. member for Outremont that if we arrive at a general figure for the cost of these periodicals we can also come down to a unit cost. Then, from other sources which will be easily available to him, we would know the number of these United States publications generally circulating in Canada so we could come to a very close estimate of the expense.

Mr. Bourque: I think it is of the utmost importance that we get that information. Our Canadian periodicals, magazines and newspapers are being strangled at the present time by the United States periodicals. I think the time has come when we should know definitely what the cost is to bring these magazines in and to charge accordingly so that our magazines in Canada will have a fair chance of existing.

Another question that I should like to ask the minister is this. The hon. member for St. Denis has already referred to this matter. As will be recalled when the minister was on this side of the house, he was extremely critical of the one a day mail delivery. Many times—possibly a hundred times and more —one can read in *Hansard* that he asks the question as to when the twice a day mail delivery would be re-established. Last year I asked the minister for figures and he told me that if the twice a day mail delivery were re-established for five days a week the cost would run between $3,750,000 and $4,340,000 and that if you had a twice a day five days a week delivery with one delivery on Saturday the cost would run from $4,700,000 to possibly $5,925,000 a year. Just

to come down to a figure, I shall make a very high estimate. Suppose the cost to be $10 million a year. That would represent approximately 59 cents based on a population of 17 million people. I was just wondering if the minister had in mind re-establishing this twice a day delivery. The present system is causing a great hardship among the businessmen and merchants and a certain amount of hardship in the home. I should like to remind him that the 59 cents per person would not be the cost; that would be more than the cost because if you employ say 11,000 people who are not working at the present time but are drawing unemployment insurance these people would be paying in instead of taking out. I am therefore reasonably assured that we could cut the figure down to about 29 or 30 cents a year per person. I was just wondering if the minister had in mind re-establishing in the near future the twice a day delivery.

Mr. Hamilton (Notre Dame de Grace): No, Mr. Chairman. In fairness, I should point out that most businesses in Canada enjoy two a day mail delivery and that the one a day delivery is primarily restricted to the residential areas.

Mr. Smith (Lincoln): I should just like to ask the Postmaster General whether he would care to comment on my remarks about a summer uniform for letter carriers. If he would like to take that matter under consideration and reply at a later date, that would be all right.

Mr. Hamilton (Notre Dame de Grace): No, Mr. Chairman. As a matter of fact, I should reply to that question. I am sorry I did not do so. We have a summer uniform, a lighter type of uniform for letter carriers. There has been some delay in delivery. It was drawn to my attention definitely when I was out in the field and called on these letter carriers. I came back and deliveries are being very definitely speeded up. I think you will find now that most of our people across the country have obtained their summer uniforms.

For the benefit of the other hon. member may I say that "Ind". in the rural directories means independent or no occupation listed.

Mr. Howard: I have a brief comment on that matter, if I may be allowed to make it. I am glad the minister has cleared up this point. I have noticed that abbreviation "Ind". alongside the names of people who I know are Indians. I am pleased to hear that it is not a designation of the race to which the person belongs. In order to make the situation even clearer perhaps the minister could put that in the index section with the word "independent" and "Ind." alongside it.

Mr. Deschatelets: I should like to inquire about the procedure followed in cases of appointments in dealing with semi-staff offices which are semi-urban and semi-rural. It is clear that the nominees of the postmaster in the semi-staff offices come under the civil service commission. I am not dealing with that matter. I am dealing with the appointment of assistants. Under the previous administration appointments were made by the Postmaster General. But according to my information these appointments were made after the positions were advertised and after the applications were screened by treasury officers. May I ask the minister whether this procedure followed by the previous administration is still followed.

Mr. Hamilton (Notre Dame de Grace): Yes, Mr. Chairman, exactly the same procedure is being followed at the present time.

Mr. Deschatelets: Will the minister now be kind enough to explain why this procedure was not followed last October at the post office staff at H.M.C.S. *Cornwallis* at Nova Scotia where two assistants were appointed. No competition was held for these posts. No advertising at all was done. Can the minister give me at least one good reason why the usual procedure has not been followed?

Mr. Hamilton (Notre Dame de Grace): I could not be certain in this particular case. I would be glad to go into the matter. It is quite possible that this is a navy establishment as the hon. member has already pointed out. Very often, where you have a national defence establishment special conditions arise. But I will be glad to find out and let the hon. member know.

Mr. Brassard (Lapointe): Although I was in my place when the minister spoke on the first item, I did not hear what he said about the three points which I raised. I wonder if he would be good enough to repeat what he had to say about them.

Mr. Hamilton (Notre Dame de Grace): Briefly, I said I would look into the matter and see what we could do. The hon. member referred to the difference in the burden on letter carriers between Jonquiere and Alma. Alma is a comparatively new installation and in order to get it in, very often—in fact, in most cases—the burden is light. We have to have a given number of letter carriers and when we put service in we do not have, as a rule, any great number of residents. That burden will grow. Moreover, our letter carriers are not asked to cover a certain number of homes but to work eight hours a day. If

they work longer than that period, an adjustment is made. I may say that this applies to the hon. member's point on the circulars as well. If the load of circulars is so heavy that a postman must work overtime to deliver them, then overtime is paid or time off is given and an adjustment is subsequently reached.

We shall certainly look into his question to see whether we can have a new sub-post office in Jonquiere.

Mr. Brassard (Lapointe): Do these people have any lunch break, or any coffee break?

Mr. Hamilton (Notre Dame de Grace): They have no coffee break, but they certainly have a lunch period.

Mr. Brassard (Lapointe): I might point out that in practically all modern business establishments it is the practice to provide a five-minute coffee break in the morning and, in some instances, in the afternoon as well.

Mr. Benidickson: I am sure the minister has observed, as I have, that post offices in the United States can, by and large, be quickly identified because they fly the national flag. I know that we have many small post offices which have been rented for use by the department but none the less I think there is a great deal to be said for the flying of the national flag whenever possible and I wonder if the minister has given any consideration to this being done even in the case of some of the smaller premises which are not necessarily premises belonging to the Department of Public Works.

Mr. Hamilton (Notre Dame de Grace): We will be glad to do what we can to encourage our postmasters to do that. I think it is a commendable idea, but I must say that some of the post offices I have visited on occasion which combine a store business with their post office function would probably find it inconvenient to fly a flag outside the premises.

Mr. Deschatelets: Would the minister be good enough to tell me who is the postmaster at Ste. Sabine in the province of Quebec?

Mr. Hamilton (Notre Dame de Grace): We have 12,000 postmasters and I do not have all their names here. But I will look this up for the hon. member and let him know.

Mr. Deschatelets: Perhaps, with regard to the basis of this question I should ask whether the minister is following very closely the procedure adopted by the previous administration when he has as a candidate for one of these positions a veteran who has served overseas. Has he always given preference to veterans as had been done over the years?

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

Mr. Hamilton (Notre Dame de Grace): One of the most important considerations we bear in mind in the appointment of our postmasters from top to bottom is veterans' preference, and a veteran, if he applies for such a position, and if he is otherwise suitable, goes to the head of the list and gets the appointment. Periodically we have such situations as that in which we must turn down a veteran because a bilingual postmaster is required and the veteran is not bilingual, but I believe in the last report I had, out of 700 postmasterships filled, 100 veterans applied and in those 100 cases we were able to appoint veterans in 92.

Item agreed to.

The Deputy Chairman: That concludes the estimates of the Post Office Department.

PRIVY COUNCIL

National Capital Commission—

305. Administration, and operation and maintenance of parks, parkways and grounds adjoining government buildings at Ottawa and Hull, $1,795,795.

Mr. Caron: I have only one question to put to the Prime Minister, and it does not apply to the present year because it is too late. But next year can he see that a few million dollars more are voted to the national capital commission so that we may start building a new bridge across the Ottawa river?

Some hon. Members: Hear, hear.

Item agreed to.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Chairman, I do not wish to hold up my own estimates, but might we revert for a brief period to item 303?

Some hon. Members: Agreed.

303. Preparatory work, not within the fields of particular departments, on emergency defence measures, $175,000.

Mr. Diefenbaker: Perhaps I may be allowed to deal with this matter at this point. I appreciate very much the attitude taken by the committee. This is, however, a matter to which some reference must be made at this time, namely the emergency organization. As I stated on the last occasion on which the estimates were before this committee and, later on, on two occasions, it is necessary now to prepare in advance the measures which would have to be taken if a major war were to commence suddenly in all the fury of a nuclear onslaught. I have already set out something with regard to the emergency organization which has been established, and given details in connection therewith. However, in the last few months further planning and organization has taken

place to preserve some degree of governmental and economic organization and continuity throughout the initial period of a nuclear war. The purpose we have had in mind has been to decentralize as far as possible.

I do not propose to review what I said on March 23 in that connection as to the course to be taken to provide for the continuance of government and governmental activities in the event of war. The whole problem was discussed in detail on April 24 by several of my colleagues with ministers representing the provinces.

On May 28 an order in council was passed under the Public Service Re-arrangement and Transfer of Duties Act, redistributing civil defence functions, some to national defence, some to national health and welfare, some to the Royal Canadian Mounted Police and some to the emergency measures organization of the privy council office. These changes will go into effect on September 1 and the various groups concerned are now making ready to undertake their several responsibilities in this field. The main purpose of the changes in distribution of civil defence duties has been to closely integrate them with the general government organization for war purposes.

My purpose in rising is to announce a decision which the cabinet has made within the last three days relating to wartime organization. As hon. gentlemen opposite who were members of the former government realize, general plans in this connection were considered by the former government and those plans have been considered and advanced in the last two years. Direction has been given to the Department of Defence Production to plan now in peacetime a war supplies agency to be established immediately on the outbreak of war. This agency would have full responsibility and authority for all aspects of control over the production, distribution and pricing of both civil and military supplies other than production on farms and the catching and landing of fish, during the early part of a nuclear war, at least.

Study of the probable economic situation arising from conditions of nuclear attack indicates that the problem of providing and distributing essential commodities for both military and civilian purposes would be critical and complicated. Decisions would have to be taken promptly and any doubt as to where authority lay could result in serious delay and confusion. It would be necessary to have not only an organization with clear, unified control over supplies of all types, but one that could be decentralized not only to regional, but if necessary to local areas.

Those who recall the organization in the last war might visualize the agency as combining most of the responsibilities of the department of munitions and supply and of the wartime prices and trade board. The problems of allocation and distribution in the beginnings of a nuclear war would be vital. As time goes on, should the war continue, we would expect to see circumstances change considerably and it might then be desirable to vary the type of organization now proposed.

It has been decided that the necessary preparations for establishing this agency should be put in the hands of a single unit with assistance from others as required. A review of the functions and responsibilities of the several departments in legislation and in practice led to the conclusion that the Department of Defence Production would be the most suitable one to undertake this task, but requiring the assistance of the Department of Trade and Commerce and the Department of Agriculture.

It will be noted that the establishment of this new agency will change somewhat the distribution between departments of wartime duties and the preparations for them which I outlined to the house last year. The war supplies agency will require a considerable regional and local organization ready to swing into action on short notice. We would expect it to utilize the field staff of government departments that are qualified to assist it in emergency such, for example, as the numerous officers of the Department of Agriculture in meeting the demand of food supplies.

The agency will require the help of many people throughout the country if it is to be ready for a wartime emergency. In due course we shall therefore have to call for the voluntary service of many competent executives, both from private and public life, to prepare themselves to assume responsibilities on short notice should war occur. We shall also have to obtain for the use of this organization the fullest information on local supplies, facilities and requirements.

Another area which will demand detailed attention in the near future is that of preparations to make the most effective use of motor transport under conditions of nuclear war. The officials are being asked to initiate discussions of this subject both with provincial authorities and with representatives of those engaged in the motor transport industry. In the uncertain and inevitably confused conditions to be expected as a result of nuclear attack it is considered that the flexibility and widespread distribution of motor

transport facilities would be of major importance in helping Canadians to survive and reorganize the economy.

I am able to inform the committee—and I think it is important that the committee should know this—that we now have ready facilities from which a central core of the dominion government can carry on outside of Ottawa under conditions of nuclear war, even if there is serious radioactive fallout in this area. Emergency communications facilities have been or are being established to be used if the regular channels of communications are interrupted. We propose to amplify and improve these emergency communications facilities, for such communications will be of vital importance in maintaining the country as a going concern.

We are now in the course of planning the arrangements for emergency regional centres from which the various federal organizations will be able to operate in each province under war conditions, and tie in with both the provincial and military authorities in the area. The local arrangements will have to be reviewed in considerable detail with each of the provinces as soon as that is possible, relating them to the needs and plans of the various agencies concerned as these are developed.

The main expenditures involved in these arrangements are not covered in this Privy Council office vote but under the appropriations of the other departments co-operating in these general matters.

Mr. Benidickson: To what vote is the Prime Minister referring?

Mr. Diefenbaker: Vote No. 303, Mr. Chairman.

These are closely related to the regular duties of those departments and it seems best to leave them there for reasons of security. I point that circumstance out and underline it. In the various departments, naturally, there will not be full detail as to the measures taken but only the general outline being given by myself on this question.

The staff and expenses of the small central unit in the Privy Council office which this vote is intended to cover will have to be increased to carry the larger load involved by the transfer of civil defence duties. For this year, these increased costs will be borne by transfers of funds from the civil defence vote in accordance with the practice when duties are transferred under the Public Service Re-arrangement and Transfer of Duties Act. The increase in staff shown in the figures in the blue book on page 403 covers the five regional officers that have been appointed. Offices are now being opened in Halifax, Montreal, Toronto, Winnipeg and Vancouver. As soon as possible five more will be opened so that we will have one in each province. This has been made necessary by the burden of work that will arise out of the new civil defence duties.

In placing this plan before the committee in some detail I want to emphasize that the taking of this course of action is not in any way to be construed as evidence of any increase in international tension or added fears in recent months, but simply as a course of action in which care and caution must be exercised by those with responsibilities to the end that should nuclear war take place the necessary preparations would have been made to assure the continuance of the government and to maintain Canada in a position of strength and stability. I want to make that abundantly clear because some might interpret what I said as indicative of a greater fear as to the immediate future internationally and I want to underline that. That is not the reason for this very extensive plan to assure the maintenance of government and security should nuclear war take place.

Mr. Pearson: Mr. Chairman, it is, of course, wise and well that government should take precautionary plans of this kind. I think at the same time the Prime Minister was well advised to emphasize that the announcement of the advancement of those plans now does not mean in any way, shape or form that the contingency which they are designed to meet is any closer than it was a year ago. Indeed, perhaps we may hope—there does not always seem to be very much ground for hope, but we must hope—that that contingency will recede. Nevertheless, any government has an obligation of this kind to plan and it is satisfactory to know that the government is discharging that obligation.

The Prime Minister in his announcement, however, dealt with a very important subject, the subject of emergency powers, the basis for such emergency powers and the circumstances under which those emergency powers might come into effect. I am going to ask the Prime Minister whether he would let this particular item stand until tomorrow so that we can have an opportunity to study the statement which he made tonight? I can assure him we do not do this with any desire to hold up the estimates but it is such an important statement that perhaps he would give us the opportunity to study it. Perhaps he might even let us have a copy of it tonight and we would have some time even tonight to look at it so that we can with a minimum of delay deal with it tomorrow. I am going to ask, therefore, whether the Prime Minister would agree to let this particular item stand until tomorrow?

Mr. Herridge: I want to endorse the remarks of the Leader of the Official Opposition with respect to the Prime Minister's announcement of those precautionary measures. I was going to ask exactly the same thing as the Leader of the Official Opposition asked because it was a long statement and it was very difficult for us to follow. I hope the Prime Minister will agree to the request of the Leader of the Official Opposition.

Mr. Martin (Essex East): I would like to say a word before the Prime Minister speaks. I think the suggestion of the Leader of the Opposition is a wise one. I understand the next department is the Department of the Secretary of State; then we take up the estimates of the Minister of National Health and Welfare under whose jurisdiction comes the main civil defence vote under the distribution of powers referred to by the Prime Minister tonight and announced some time ago to be made effective on September 1.

Now, if this matter is going to stand, as I think it should, until tomorrow there ought to be some arrangement made whereby it can be discussed in relation to the civil defence item, because this is an overlapping subject. The questions that one would ask of the Prime Minister on item 303 would be of concern to the Minister of National Health and Welfare, the Minister of Defence Production and the Minister of National Defence. When the Prime Minister makes arrangements with regard to tomorrow this suggestion ought to be borne in mind.

Mr. Benidickson: Mr. Chairman, I, too, of course, am quite in accord with the suggestions that have been made. We all appreciate the willingness of the Prime Minister to allow this matter to stand, but we all know the capability of the Prime Minister in the field of law. I would hope that tomorrow he would explain to the committee the difference between the powers that were, shall we say, lost as a result of the failure to reinstate the emergency powers legislation a few days ago in contrast with what is asked for here. I am sure the Prime Minister would be able to give us concrete examples tomorrow of the rights of the executive under this item 303 in contrast with the lapsing of the emergency powers legislation which was so advertised a few days ago.

Mr. Diefenbaker: I think I can answer that at once, even though I am going entirely to accede to the request as particularly amplified by the member for Essex East. In the event that war should come, then immediately reliance would be placed on the terms of the War Measures Act and the extraordinary powers therein provided would immediately become applicable.

The hon. member refers to the fact that in so far as the Defence Production Act is concerned, certain extraordinary powers will be allowed to lapse as of July 31. That is so, but there is no contradiction in the action taken here and the allowing of those powers to lapse under the Defence Production Act.

What I have placed before the committee is simply a plan for the assurance of the continuance of government and government itself, the provision of the security measures should war break out. If there was an emergency threat of war, or the actual outbreak of hostilities then, of course, the hon. gentleman knows the War Measures Act provides for those extraordinary powers that cover every facet of Canadian life.

Now, with respect to the suggestion made by the Leader of the Opposition and amplified and given greater particularity by the member for Essex East, may I say this. In so far as this item is concerned, it might be allowed to stand as part of the subject to be discussed when the estimates of the Department of National Health and Welfare come before the committee and it could be discussed at the same time as the general problem of civil defence, if that is satisfactory to hon. gentlemen who made the suggestions as well as to the hon. member for Kootenay West.

Mr. Diefenbaker: Item 303 stands.

Mr. Martin (Essex East): The Leader of the Opposition asked the Prime Minister whether copies of his statement were available. If they were, it would be very convenient because *Hansard* will not be out until tomorrow.

Mr. Diefenbaker: I have to admit that they are not. I have a habit of having a statement prepared and then making interlineations which make the original statement bear little resemblance to that which is placed before the house. I will see that one copy, the copy in question, after use by *Hansard*, is made available to the Leader of the Opposition and in turn to the hon. member for Kootenay West for the C.C.F. group.

The Chairman: Is it agreed that item 303 stand?

Some hon. Members: Agreed.

Item stands.

Mr. Chevrier: What about item 563?

The Chairman: That was carried.

Supply—Secretary of State

DEPARTMENT OF SECRETARY OF STATE

372. Departmental administration, $303,040.

Mr. Courtemanche: Mr. Chairman, since the estimates of the Department of the Secretary of State were presented to the standing committee on estimates and there discussed at length I do not propose, in introducing them to the committee, to embark on a lengthy statement on the functions and operations of the department. The proceedings and the report of the committee are in the hands of hon. members at this time. With respect to the committee's report, I may say that the recommendations advanced therein are being given serious and careful consideration by me and by my undersecretary.

Hon. members are aware that the Secretary of State, as well as being responsible for the administration of the Department of the Secretary of State, including in his capacity of custodian of enemy property the office of the custodian of enemy property, for which there is no parliamentary appropriation, is also responsible for the administration of the department of public printing and stationery. He also acts as spokesman in this house for the civil service commission and the chief electoral officer. I might mention in concluding that the estimates of the civil service commission were also considered by the standing committee.

(Translation):

Mr. Caron: Mr. Chairman, is the Secretary of State contemplating changes in the organization of his department? I recall that during a sitting of the estimates committee, we have discussed the amalgamation of certain divisions. Does the Secretary of State intend to make those changes this year or at the next session?

Mr. Courtemanche: Mr. Chairman, the committee has opposed those changes, and accordingly, they will not be made.

(Text):

Item agreed to.

Special—

379. Special expenditure in connection with a commission under the Inquiries Act to inquire into the workings of the Patent Act, the Copyright Act, the Industrial Designs Act, and other related legislation, $11,900.

Mr. Peters: What is the progress with respect to submitting the report of this commission?

Mr. Courtemanche: I am told that it will be ready by the end of August, in the fall.

Item agreed to.

Office of the Chief Electoral Officer—

47. Salaries and the expenses of office, $79,420.

(Translation):

Mr. Caron: Mr. Chairman, does the Secretary of State intend to propose certain amendments to the Canada Elections Act, following the recommendations made by the committee which studied the matter?

[The Chairman.]

Mr. Courtemanche: Mr. Chairman, I might say to the hon. member for Hull that next session, certain changes will be made to the Canada Elections Act, following the recommendations made by the committee.

Mr. Caron: According to the recommendations of the committee?

Mr. Courtemanche: Yes, Mr. Chairman.

Item agreed to.

(Text):

Civil Service Commission—

67. Salaries and contingencies of the commission, $3,661,089.

Mr. Speakman: Mr. Chairman, I wish to make a brief comment on this item regarding the civil service and the employment of any person by any branch or any department of the government service anywhere in Canada. We are constantly reminded of unemployment in this country. The civil service of Canada is the largest employer of labour in Canada. The unemployed in Canada are in the main men under the age of 50 years with the responsibilities of men of that age group.

Civil service regulations demand that preference for employment be given to Canada's veterans. Surely this preference should also be maintained in other branches of the government not under regulations governing the civil service and particularly in the service of the House of Commons itself.

In addition, civil service regulations set the statutory age of retirement at 65. With some unemployment in Canada, with many men well below the age of 65 unemployed, surely the public service of Canada should be the first to set an example to employers and should retire employees over the age of 65 to make way for entry into the service of Canada of these younger men now unemployed. The argument may be used that only certain men and women are retained beyond this age because of knowledge and experience but, this argument is not valid when it is used to break a statutory provision affecting the public service of Canada. No man or woman is irreplaceable and I strongly urge on the government that it should fulfil the self-imposed obligation of retirement of its employees at 65 and so ease the present burden of unemployment.

Mr. Courtemanche: Mr. Chairman, before asking the house to consider the estimates of the civil service commission I should like to present the new chairman of the civil service commission, Mr. Samuel Hughes, Q.C., formerly a judge of the Supreme Court of Ontario. He has assumed a very important

responsibility. An effective, independent civil service commission is, in many respects, the key to an efficient public service. The civil service commission may become even more important in the near future. As you know, the government expects to introduce legislation at the next session which may have a significant bearing on the commission in particular and the public service in general.

The government was pleased, therefore, to be able to appoint to the post of chairman a man with so many qualifications and proven capacity in so many fields. Mr. Hughes has a bachelor of arts degree from the university of Toronto and a master of arts degree from Oxford university, and is a member of the Ontario bar. He has had wide experience as a teacher, lawyer, judge, administrator and military officer. His legal training will be a special asset when the Civil Service Act goes before parliament for review. Fortunately, he is also a young man who should be able to cope for many years to come with his numerous responsibilities. I am sure the house will join with me in wishing him well.

Mr. Chevrier: Mr. Chairman, in the absence of the Leader of the Opposition I think I should perhaps say a word in connection with what the Secretary of State has just said. I would not for a moment want what I am about to say to be considered as disrespectful in the slightest degree. I have been a member of the house now for a great many years and this is the first time that I have heard a statement such as that just made by the Secretary of State. Civil servants, no matter how high an office they hold and how respectful they are, are anonymous and have been so in the House of Commons.

Having said that, I repeat that I would not want the gentleman to whom the minister has referred in such eulogistic terms to believe that we on this side of the house do not hesitate to hope that he will fulfil the office to which he has been appointed in the manner in which such offices are generally fulfilled in the civil service of Canada. But I did think, I should bring to the attention of the house the rather unusual procedure of the minister which I hope, in the future, will not be followed as a precedent.

(Translation):

Mr. Caron: Mr. Chairman, in spite of the restrictions just now suggested by the hon. member for Laurier (Mr. Chevrier), may I also be allowed to congratulate the new chairman. I hope he will continue the good work of his predecessors. I also want to congratulate the two other members of the commission, Miss Addison and Mr. Pelletier for the considerable amount of work they have taken upon themselves since the departure of the former chairman who went back to his diplomatic career. They appeared before the committee and proved themselves equal to the situation. They certainly deserve to be warmly commended.

The civil service of Canada is an organization which, since its very beginning, certainly has been very deserving. It has rendered great services, but there are some things which might be improved; indeed, the commission has often asked for those improvements.

I have here the annual report of the civil service commission for the year 1958. This is what it says on page 6:

> Personnel selection
>
> It has been difficult to supply government hospitals with all the required staff. There is, in particular, a lack of nurses, physiotherapists, rehabilitation therapists and laboratory technicians. There is also a lack of ship inspectors for the Department of Transport. After having satisfied itself that Canadian resources in that field were about exhausted, the commission made some offers of employment in the United Kingdom, which have led to a number of appointments.

And further on, on the same page we see the following:

> At higher levels than that of admission, it has been difficult to find good candidates among science graduates who left university a few years ago. Quite naturally, a good number of the best university graduates have interesting positions in other fields, so that a real problem obtained when the commission had to fill the needs of the various departments.

And, on page 7, we find the following paragraph:

> For instance, it has been impossible for some time to find enough graduates specialized in mathematics, physics or physical engineering and who could become meteorologists, nor a sufficient number of commerce graduates who might become income tax assessors. The problem is due to the fact that the number of graduates in those fields is comparatively small, whereas demand, by government services as well as private industry, remains high.

Well, Mr. Chairman, there is a reason for such conditions and it is an absolutely simple one. They are due to the fact that salaries offered in the civil service for such positions are entirely inadequate.

Accountants were required and, on many occasions, I sent out those forms we get from the civil service commission to all the accountants I know. Not one of them wanted any of those positions, because the salaries they get in private industry are much higher than those offered by the civil service comsission. I am not blaming the civil service commission, since it cannot fix the salaries; that has to be done by the government, and the civil service commission has but to comply with government orders in that respect.

This morning I received posters asking for information officers. Let us have a look at the qualifications required:

High school degree, additional credits for further academic training.

Several years' experience in publicity work.

Good knowledge of publicity media and methods.

Ability to draft and prepare, for publication, publicity texts, etc.

And for that, a salary of $5,700 to $6,180, is being offered, when it is known that in private industry, those people earn $7,000 to start with, and can obtain higher salaries later. How can you expect them to leave a $7,000, $8,000 or $9,000 job to accept one at $5,700?

I have here a poster asking for technical officers, at a salary ranging from $3,420 to $4,020; the required qualifications are as follows:

Degree from a recognized university or good general education, acquired after good and adequate training or experience, and a good many years of experience in the field of public relations.

Demonstrated ability to perform the duties involved in the field of external relations.

Personal suitability; satisfactory physical condition, etc.

For all this, we offer to a university graduate a salary ranging from $3,420 to $4,020. Is it reasonable to think that a university graduate who could get a much higher salary in private industry would accept to sacrifice his life to work for the public service?

And further on, we ask for lawyers. The salary that is offered is $4,740. If a lawyer is not worth more than that, he does not deserve to be a member of the Bar.

It is for those reasons that the government cannot get lawyers, because they all earn more than that, especially during these years when money has lost its value and when people have a good deal of it to spend.

Then, we ask for economics or commerce graduates from a Canadian university. How much do we offer them? Imagine! $4,560 a year! It is utterly ridiculous. How can we expect people who have made serious studies, who have followed a classical course for eight years, or a university course of three, four or five years, to accept to work for such low salaries.

Well, I cannot understand it. One of these days, the government will have to decide to revise the salaries which continue to dwindle, because of the cost of living continuing to rise. As I said earlier, those salaries are ridiculously low for professionals who have made serious studies. Well, as long as those salaries are not increased, it will be difficult for the commission to find civil servants.

In that field, as I was saying, the civil service commission has no jurisdiction, because the money is voted by the government or rather by parliament at the government's request. Now, the Civil Service Commission is asking for it. The government has received the civil service commission's report dealing with salary increases. Now we ask the minister what he proposes to do, and his reply is that "we are not ready". After two years of consideration the minister tells us: "We are not ready to act, and we must still discuss the matter."

Mr. Chairman, as long as discussions go on and no action is taken, I am sure the civil service commission despite all its efforts, and despite the high calibre of its commissioners and of the new chairman, will be unable to recruit the required staff.

While providing an appropriate salary for professional people, one must not be unmindful especially of the small civil servant, the one who earns hardly $2,000 or $3,000 a year, who, like the others, has a family to feed and children to educate. In my opinion, the civil servant is in a worse predicament, because the government is taking no action in the matter.

Mr. Chairman, I ask the Secretary of State to be kind enough to use his authority, if he has any and I hope he has—they are not all members for Three Rivers in the cabinet—I hope, as I said, that he will use his authority to urge the other cabinet ministers to take action in favour of the lower paid employees who are in need.

I know people who have a hard time making both ends meet and who are obliged to reduce their standard of living substantially in the way of clothing and food. These civil servants are obliged to come to Ottawa to work. They are not satisfied with the clothes they wear, but they cannot afford to buy any other because their wages are insufficient, due to the increase in the cost of clothing and food.

We have read in the French newspapers as well as in the English ones, the dissatisfaction expressed by the federal civil servants. In fact, here is what *Le Droit* of July 16, had to say about it:

Civil servants dissatisfied with all those delays.

The National Joint Council of Canada has expressed to the Hon. Donald Fleming its dissatisfaction regarding the delays of the government to accept the civil service commission's recommendations about the salaries of the civil servants.

The council, 120,000 member strong, would like to know the reasons for these delays and has asked Mr. Fleming for a meeting. The letter answered that he could not set a time for a meeting because, due to the late stage of the session, he was overworked.

It follows then that the civil servants are running the risk of seeing the matter postponed until the next session.

Mr. Fleming said in the house that the government and the civil service commission had to study this matter further before the recommendations of the commission could be taken as final.

Mr. Chairman, we understand the dissatisfaction of the civil servants. But what we, on this side, do not understand is that after a two year study of this report of the civil service commission, which had also produced interim reports, it is, I repeat, that after studying a complete report for two years, this government cannot see its way clear to examining it in order to give justice to those who need it.

I know very well that the Secretary of State is going to say that his job is only to submit the estimates of the civil service commission to parliament and that he has nothing to do with an independent Commission. I am not asking him to interfere in the administration of the civil service commission or to tell the commissioners: "You will do this or that". I am just asking him to use his authority—and I hope he has some—to urge the Minister of Finance, the right hon. Prime Minister (Mr. Diefenbaker) and all his colleagues of the government so that they may decide at last to do something in order that we should have something positive in that field.

Mr. Chairman, I find also that mention was made of an independent outside commission which would be required to inquire into the civil service commission. I am definitely against such a suggestion. I know that we have here the agencies capable of doing that job and I submit that we do not have to go out to find so-called efficiency experts who have failed pitifully wherever they went. They would probably prove a failure in the civil service commission as elsewhere. We have the experts we need. The civil service commission has conducted a serious study of the whole situation. The only thing it needs to act and to carry out its plans is additional staff. With its present staff, the civil service commission is unable, in some departments, to carry out direct supervision of departmental promotion competitions. That is why I ask the Secretary of State to kindly give in to the civil service commission, so that the commission may better do its job for the government.

(Text):

Mr. McIlraith: The civil service of Canada, as I think all hon. members will agree, has enjoyed an extremely high reputation over the past number of years. A considerable part of the credit for that high reputation must, I think, properly go to the civil service commission for their competence and impartiality in selecting persons to fill the vacant positions. I can only express the wish that that credit can continue to go to the comission over the years that lie ahead of us. I perhaps do not need to elaborate on that subject unduly here tonight. However, it is of the utmost importance in the administration of the country's business that the commission or the hiring agent of government preserve its competent method of hiring and, above all, its impartiality in hiring.

Therefore, as the new chairman of the commission takes over his duties, I want to express the hope that this record of impartiality is continued in the future. There are some persons who are greatly concerned on this subject and there are bits and pieces of evidence that support their concern. However, I do not need to elaborate on that matter either, other than to warn the government that if the minister, in the legislation which he forecasts for the next session of parliament, in the changes in the civil service act and in the other legislation concerning the public service, does anything that would in any way weaken the position that has been built up over the years of administering promotions and the selection of civil servants on an impartial basis, he will have done a great disservice to his own government and to the country at large. I want to leave that note of warning to him on record so that, as he considers the legislation proposed for introduction at the next session of parliament, he will have it in mind.

There is one particular matter that I want to raise, and I think I can deal with it briefly. It is this, and I would ask the minister to make a note of it. In connection with a position of caretaker, grade 5, at Brantford, Ontario, competition number 59-J-685, the competition was held in the ordinary way by the commission. The results of the competition were published in the *Canada Gazette* of July 11, 1959 at page 2460. The winner of the competition was notified in the ordinary way of his appointment to the position and he took over his

duties in the position. Incidentally, I may say that the position carries with it certain housing accommodation. He purchased certain equipment for the housing quarters, moved in and so on. Then after occupying the position for a short time he was moved out of it and the man who came third in the competition was placed in the position.

Those are the facts as I have them. I want to add only one other detail. The man who came first in the position—and I hope the hon. member for Wetaskiwin will bear this in mind because I want to support part of his remarks on this point—is a man entitled to the veterans overseas preference. The man who came third did not have any overseas preference. In the filling of that position something happened that is not in accordance with the civil service procedure as laid down by the civil service commission. There appears to be some irregularity that should be looked into immediately and corrected. In addition to that irregularity of the man who came first in the competition not getting the position or being moved out of it after he had moved from his former position at considerable expense to himself, he incurred a financial loss, because of the nature of the position, in having to buy certain equipment. I do not expect the Secretary of State to have the details of these positions here in order to discuss them on these estimates but I would ask him to undertake to have that matter examined thoroughly, to see that justice is done and to see that the regulations of the commission are adhered to and that correct procedure is followed in all respects in that matter.

Mr. Howard: I rise on this item to say again, as I said last session, that I think the term civil servant is a rather degrading one to apply to people who are employed by the government of Canada. I, personally, would like to see some other title applied to them, rather than the one which is used now. However, I understand that the minister does not agree with that approach or, at least, he did not last session. He thought that the term "civil servant" degrading as it is was good enough for the people who are working in the public employ.

I listened with interest to the impassioned remarks of the hon. member for Hull with respect to salary adjustments and the salary scale of people in the employ of the government of Canada. I think this government and the government which preceded it have been tackling this question from the wrong end. I think a much more sensible arrangement would be to treat the employees of the government in a manner different from that in which they are treated at present. In other words, they should not be treated as people in a class not quite the same as other employees in the country. They should not, in fact, be treated as second class citizens when it comes to wages, hours and working conditions. Instead, they should be placed on precisely the same basis as other workers and treated in the same way as we expect other employers in Canada to treat their staffs, though, of course, I do not suggest that exactly the same machinery need be used for reaching conclusions on wages, conditions, and hours of work. I do suggest, however, that these employees should be treated in the same way as employees of the C.N.R., Trans-Canada Air Lines, or any other of the crown corporations which report to parliament through various ministers.

I believe that if a group of employees decides to get together and form a bargaining unit, as has been done in a number of cases or, probably in all cases, I think that organization should have the right to ask its employer—the federal government—to sit down and bargain with it in good faith. This cap in hand attitude, this pleading with the government for favourable consideration of improvements in wages, hours and working conditions should become a thing of the past. Now it is only too easy for the Minister of Finance or some other minister to put them off for reasons which, in my opinion, are not adequate. I believe that the federal government should be prepared to sit down and bargain over working conditions and so on just as other employers are bound to do. As it is, government employees have to wait expectantly hoping for the benevolence of the government to reach such proportions that an increase is granted. I do not think that should be our attitude in so far as the wage and salary structure of civil servants is concerned.

We would be far better off if they had bargaining rights and established arrangements under which they, like other employees in Canada who are represented by a union or an agency could sit down and discuss the question of wage increases, wage adjustments, hours of work and all the other things over which unions bargain. I do not think that these employees in the public service want the right to strike as do other employees working for other employers. I do not think they would be agreeable to go that far. But we should, I think, provide some machinery which would make it possible to reach a conclusive agreement in so far as their wages, hours and working conditions are concerned.

If such an agreement cannot be reached directly with the federal government, they should have the right to proceed to an outside

tribunal or to an arbitration board to settle these problems in precisely the same way as do the firefighters who work for municipalities. These firefighters do not have the right to strike. In fact many years ago they wrote into their constitution that they should not, because they felt that their work was of such importance to the community that they did not believe they should even think in terms of withholding their services. But this example shows that there is a group of employees, working for municipalities in many cases, which has the right to proceed to arbitration, if necessary, to settle any differences as to wages and conditions which may arise with their employers and this, I suggest, is the attitude which the federal government should take as far as its employees are concerned.

May I say this to the committee. Let the government cease participating any further in this patronizing attitude towards its employees in the public service. Let it place them on the same level as the employees of other organizations, whether crown companies or public companies, and let them be given the right which is justly theirs to make a collective determination as far as negotiations are concerned instead of treating them as being second class citizens, because they are not.

Mr. Chevrier: I should like for one moment to re-echo the views expressed here by the hon. member for Ottawa West. I think it is vital that the minister should realize the significance of impartiality in the civil service commission. No one I am sure is more conversant with the situation than the minister himself and I am sure that no one would want a situation of impartiality to obtain more so than does the Prime Minister himself.

Over the years that I have been in the house there have been many chairmen of the civil service commission, beginning, first of all, when I arrived here in 1935, with Mr. C. H. Bland, who for many years occupied that position, and occupied it with distinction. He was a man who was not only devoted to the position which he held, but one who succeeded in instituting in the civil service commission many improvements and innovations.

He was there for many years and I think that representatives of both sides of this house would vouch for the fact that he fulfilled his duties with efficiency and distinction. I think that applies, also, to the man who succeeded him, though for a short period of time —Mr. Nelson. It certainly could be said of the last man who occupied the post prior to the appointment of Mr. Justice Hughes, and I speak, of course, of Ambassador Heeney. The fact that he was appointed by the former government and retained by this government indicates, I believe, the confidence which both administrations had in the man who had held that high office. I have not the slightest doubt that the incumbent of the office at present will wish to follow in the footsteps of these three distinguished civil servants.

It seems to me that the attention of the minister and the committee should be directed again to the points which the hon. member for Ottawa West made. It is of extreme importance to the country, to the government and to the civil service commission that there should be in that great and important body impartiality so that there be selected for the service of the government the best candidates that are available.

(Translation):

Mr. Caron: Just one question, Mr. Chairman, to ask the minister whether the hon. member for Chambly-Rouville (Mr. Johnson), who is now sitting by his side, has been appointed his parliamentary secretary?

Mr. Courtemanche: I am sure the hon. member for Hull (Mr. Caron) does not expect an affirmative answer.

(Text):

Item agreed to.

Public Printing and Stationery—

311. Department administration, $656,595.

(Translation):

Mr. Caron: Mr. Chairman, we shall now deal with the national printing bureau. If you will allow me, I should like, first of all, to read a few pages from the Senate and House of Commons Act, Revised Statues, 1952, chapter 249. Section 15 reads as follows:

> No person, directly or indirectly, alone or with any other, by himself or by the interposition of any trustee or third party, holding or enjoying, undertaking or executing any contract or agreement, expressed or implied, with or for the government of Canada on behalf of the crown, or with or for any of the officers of the government of Canada, for which any public money of Canada is to be paid, is eligible as a member of the House of Commons, or shall sit or vote in the said House.

And the last eight lines of section 16, read as follows:

> ...or performs any service for the government of Canada, or for any of the officers of the government of Canada, for which any public money of Canada is paid or to be paid, whether such contract, agreement or sale is expressed or implied, and whether the transaction is single or continuous, the seat of such member shall thereby be vacated, and his election shall thenceforth be null and void.

And section 19 reads as follows:

> (1) In every contract, agreement or commission to be made, entered into or accepted by any person with the government of Canada, or any of the departments or officers of the government of

Canada, there shall be inserted an express condition, that no member of the House of Commons shall be admitted to any share or part of such contract, agreement or commissions, or to any benefit to arise therefrom.

(2) In case any person, who has entered into or accepted, or who shall enter into or accept any such contract, agreement or commission, admits any member or members of the House of Commons, to any part or share thereof, or to receive any benefit thereby, every such person shall, for every such offence, forfeit and pay the sum of two thousand dollars, recoverable with costs in any court of competent jurisdiction by any person who sues for the same.

And section 20 says:

This Act does not extend to disqualify any person as a member of the House of Commons by reason of his being

(a) a shareholder in any incorporated company.

There is just a mention of a shareholder. I have quoted that section not to make any accusation, but to ask the minister to investigate a case which seems to me quite extraordinary. I find, in the answers given to questions I asked, that the Monitor Publishing Company of Montreal was awarded four contracts, one for $10,416, another for $255, a third one for $128 and the last one for $128, for a grand total of $10,922. And I was told,—which seems to be confirmed,—that a member of the board of directors of the Monitor Publishing Company of Montreal is the member for York-Humber (Miss Aitken). If that is clearly established, I am not judging anything nor making any direct accusation, but I want things to be cleared up.

This is what the law says:

This Act does not extend to disqualify any person as a member of the House of Commons by reason of his being

(a) a shareholder in any incorporated company.

Mention is not made anywhere of a director or a president or a member of the management of a company. It was then the intent of the legislator to exclude only the shareholder who generally has his say only once a year at the general meeting while the director, a lady director, a president of a vice president are continually looking after the business of the company and are directing its policy.

Thus the director, president or vice president of a company is so much closer to the administration and his position is a lot more advantageous than that of the shareholder. Therefore I urge the minister to consider making an inquiry in that with a view to finding if what happened in the case of the member for York-Humber places her definitely in the situation of a member who cannot sit in this house for having a contract with the government or for having been involved in it directly or indirectly when that Montreal publishing company got contracts for $10,922 during the year. If the act is not sufficiently clear to necessitate definitely the re-election of the member, then I say that the time has come for the government to undertake a revision of that Senate and House of Commons act in order to clarify the situation. This might be the first occurrence of such a case; it might be that the member for York-Humber does not know about that section, she might be acting in good faith, but it is very dangerous for a member to be a director in a company dealing with the government.

Therefore I urge the hon. minister to make an extensive inquiry because this is a serious case. I am not laying any charge, but the situation ought to be clarified as much in the interest of the member for York-Humber as of all the other members in this house. It is important that people know what are the duties, obligations and privileges of members, arising out of their election to the House of Commons.

Now I find here, on page 19, that a certain Mont-Laurier firm, namely *Le Flambeau*, has received an amount of $2,019.75 under a contract. This firm, I am informed, was started on February 24, 1959, and according to the court records, *Le Flambeau* is registered under the ownership of a Mr. Paquette. It is even claimed—I have no proof, but I am merely reporting what is commonly said on the street—

Mr. Pigeon: The House of Commons is no place for jokes.

Mr. Caron: The minister can deny it if he wishes. I say that this is being mentioned on the street, and it is better to bring it out in the open right now rather than to let the rumour run wild. There is talk about a Mr. Lesage, a former secretary of the former Minister of Health in the Quebec government, who is the Secretary of State's father-in-law, and gossips say the minister also has some interest in the business. Now I should like to know whether that is a fact. I am prepared to accept the minister's word, but I would hate to see people here get into habits that are apparently matter of course in a provincial government, where business deals are often made in favour of relatives.

For instance, there is a certain Mr. Pouliot, Minister of Fisheries, who gives aircraft—

Some hon. Members: Order.

Mr. Pigeon: Mr. Chairman, I rise on a question of privilege.

Mr. Caron: There is another one who gives telephone lines to his brother.

Mr. Pigeon: The hon. member for Hull does not comply with the rules of this House.

(Text):

The Acting Chairman (Mr. McCleave): The hon. member for Hull has the floor.

Mr. Lambert: With all due respect, I think the hon. member for Hull should tend to matters of the Secretary of State and not deal with sort of rumours and scuttlebutt and smear in other jurisdictions.

Mr. Nesbitt: Political smearing.

Mr. Lambert: Unless he is prepared to stand up and prove it.

Mr. Chevrier: Mr. Chairman, on the point of order that has been raised by the hon. member for Edmonton West, we had a similar matter discussed in the house before and the rules and regulations were laid down quite clearly. The hon. member is quite within his rights in proceeding to deal with this matter in the way in which he has. The minister can, if he wishes, rise and deny it and then it would be up to the hon. member to accept the minister's statement. It has been clearly established in this house, not only in other debates but in the precedents that were cited in the house during the discussion of another case, both by hon. members on this side of the house and by the Speaker himself, so that I think—

Mr. Nesbitt: Give us the citations.

Mr. Chevrier: Yes; I can give the Schell case as one; another case was the Boothby case in the United Kingdom which I put on the record and three or four others which leave my mind at the moment; but the circumstances and the procedure were quite clearly laid down and I submit to you with deference that the hon. member is within the rules in proceeding as he has.

Mr. Lambert: On the point of order, I am not referring to the direct questions that the hon. member is asking of the minister; I am referring to the scuttlebutt and rumours he is making about other jurisdictions.

The Acting Chairman (Mr. McCleave): On the point of order—

Mr. Caron: I am speaking on the point of order. The hon. member who just rose and raised a point of order is completely wrong. I did not make any accusations; I just stated the rumours which were going around. The minister can rise and say it is not true and I will accept his word that it is wrong.

Mr. Nesbitt: Legalized slander.

Mr. Lambert: What about the other things the hon. member said?

Mr. Caron: I asked the minister a fair question. He has the right to answer yes or no. It is up to the minister to do that and not for a backbencher over there to raise a point of order when he has no interest in the matter at all.

Mr. Bigg: You are also a backbencher; what are you talking about?

Mr. Caron: I know the hon. member; I have learned a lot about him this session, especially in committees. He ought to be out of this house.

(Translation):

Mr. Courtemanche: Mr. Chairman, I would like to kill those rumours and say immediately to the hon. member for Hull that since 1945, Mr. Gilbert Paquette owns a newspaper called *Le Flambeau,* I do not believe there is a Mr. Lesage or any other person associated with him, except that an old printer who worked in another printing plant in Mont-Laurier has gone into business with him.

Mr. Caron: I fully accept the explanation of the minister, and to prove that I accept them quite well, I leave the matter at that.

Mr. Chairman, there is another rather delicate matter, with which I want to deal and for which I do not blame the minister directly. I know that the minister cannot supervise by himself 25,000, 30,000 or 35,000 contracts which are granted annually.

I know that the minister does not have, in the Printing Bureau division, the necessary staff which could help him as it should be. I know that the minister should have had for a long time a Queen's Printer who is, after all, his deputy minister. It is unfortunate for the minister that this appointment has not been made, since the situation I am referring to might not have occurred.

I asked a question regarding the binders, and I notice among the answers I was given and bearing the minister's signature, that in some cases there were three bidders. Wilson Jones Limited, E. G. Thomas & Son, Copeland-Chatterson Ltd. Wilson Jones' bid was for $5,516, E. G. Thomas & Son's was for $5,900, and that of Copeland-Chatterson Ltd. was for $8,910. And in that particular

case, it was the highest bidder, Copeland-Chatterson Ltd., with $8,910 who got the contract.

In the second case, there were five bidders: Wilson Jones Limited, Toronto, $5,590; E. G. Thomas & Son Ltd., $6,260; Brown Bros. Ltd., Toronto, $6,370, Copeland-Chatterson Ltd., from Brampton, $8,910, and Chas. Chapman Co. Ltd., from London, $8,090. The contract was again awarded to the highest bidder who was Copeland-Chatterson Ltd., from Brampton, for $8,910.

In the third case, which is different from the others, there were only two bidders: Wilson Jones Limited, $13,680, and Copeland-Chatterson Ltd., $17,820. In that case, the contract was awarded to the lowest bidder, which was Wilson Jones, for an amount of $13,680.

As far as the fourth case is concerned, there were two bidders; Wilson Jones Limited, $7,040, and Copeland-Chatterson Ltd., $7,-840. In this case the contract was awarded to the hihest bidder, that is to Copeland-Chatterson Ltd., for an amount of $7,840.

And we have the fifth case where there is only one bidder, and where only one bid was made, that of Copeland-Chatterson Ltd., for an amount of $21,330.

I admit that following this information, there is an explanatory letter which says among other things—and if I am wrong in my explanation I wish to be corrected—that Copeland and Chatterson Ltd. is mode competent than other firms for the type of binders requested by the Department of Mines and Technical Surveys. However, I read this on page 3:

(Text):

A requisition dated May 1, 1959 for 2,000 binders was received. Copeland-Chatterson was asked to quote for 2,000 English and 1,000 French. Prices of Copeland-Chatterson, $21,330 ($7.11 each).

On June 3, a submission was made to treasury board which requested that authority be given to enter into contract with Copeland-Chatterson. The remarks on the submission were as follows:

"Tenders were not invited from other firms in this case as our experience indicates that no other firm has been able to demonstrate that they can meet the exact specifications."

(Translation):

As you see, Mr. Chairman, the explanation is given that Copeland-Chatterson Ltd. were the only firm qualified to do this work. However, in one of these tenders, the contract was awarded to the lowest bidder, namely Wilson Jones Limited. Therefore there is certainly something which is definitely not justifiable, and I am wondering how they went about to determine the qualifications of the others, or their lack of qualifications, of whether they just relied on Copeland-Chatterson Ltd. to establish what they wanted.

I believe that the other firms should have been given the same opportunity of carrying out this project. I understand that the request had been made by the Department of Mines and Technical Surveys, and that tenders had been called by the printing and stationery division. Well, I submit that if we had given the other firms the same opportunity of going ahead and building binders, it would certainly have been possible to find the means to enable them to make something comparable to the work performed by Copeland-Chatterson Ltd.

I wonder if that question should not be submitted to the public accounts committee next year, so that we might hear the representatives of those other firms, that is Wilson Jones Limited, E. G. Thomas & Son Ltd., Brown Bros. Ltd. and Chas. Chapman Co. Ltd. They might explain their side of the story and we could ask them to produce the samples submitted by those companies, in order to see whether the difference was such to justify, when submissions were asked for in every case except one, awarding the contract to the highest tenderer.

I ask the Secretary of State to see to it that this situation be examined by the public accounts committee next year, so that we may get this thing cleared off and see if it was really impossible to do otherwise.

Mr. Chairman, I said it was easy to find objections, particularly where senior officials of a department are concerned. However, as I said a moment ago, I would not like to lay the blame directly on the Minister of Mines and Technical Surveys, (Mr. Comtois). However, we might perhaps lay the blame, to some extent, on some officials who are responsible for the distribution. As I say, it is easy to raise objections when it is a case of proving that a firm is better than another, especially when it is perhaps inferior to the first one, and that simply because it does not please a particular official of some department.

That is why, Mr. Chairman, I would ask that the matter be referred to the public accounts committee, next year, in order that the minister, as well as we, may be quite clear on that. He would also be in a better position than he is tonight to give us an answer, because he has with him just an explanatory letter, which was not written by himself, but

which he received from his under-secretary or some other official, without having had time to examine it carefully.

If the committee were asked to look into that matter, it would enable us to get information from the Minister of Mines and Technical Surveys in order to ascertain for whom that work has been done. I appreciate that he is not in a position to give us an answer, because it is the officials of the printing bureau who, in letting the contract, have asked in this way.

I want to know if it would be possible to establish that the contract could have been given to the lowest bidder. In doing so, the government would have paid less, and at the same time the system of this division of the printing bureau would have been kept impeccable, as it has been done rather frequently in the past.

(Text):

Mr. Fisher: I have one question to put to the minister. He will remember that last year he gave the assurance that his officials were going to try their best to spread these printing contracts beyond the Ontario-Quebec triangle. I should like him to give us an indication how this spread has been effected in the last financial year by giving some figures that will show how many more contracts have gone to the western provinces and the eastern provinces than in the year before in terms of their value. How successful has the minister been in spreading these contracts across the country? There is no real reason why they should go as a matter of right to printing firms in the Ottawa, Toronto or Montreal areas.

Mr. Courtemanche: I am able to give some figures to the hon. member that will indicate that we are increasing the amount of contracts outside of Ontario and Quebec. In Alberta the amount spent this year from April 1 to June 30 was $8,330 compared with $7,746 for the whole of 1958. In British Columbia the amount from April 1 to June 30 this year is $5,156 compared with $3,075 in 1958. In Manitoba the figures are $14,849 and $10,463 in 1958. In other provinces the increases are similar.

Mr. Fisher: I am very pleased that there have been these increases, but while the percentage increase may be great I think the minister will admit that the amounts are still minor in total compared with the rather huge sums that are dispensed in this particular region. I know there are advantages in this particular region but printers beyond the triangle tell me that they would like the opportunity to get in on some of this business. I should like the minister to carry on this policy and push it further. I would not like him to get lost in the printing backwoods in this area.

Mr. Chevrier: Is the minister not going to answer some of the statements made by the hon. member for Hull particularly in connection with the contracts involving these higher tenders? Does the minister not think he should tell the committee how it was that in four of these five contracts which were awarded it appears that the contract went to the highest tenderer in each case?

(Translation):

Mr. Courtemanche: Mr. Chairman, I am prepared to give certain information contained in one of the letters which have been tabled early in July. It is to be noticed that as detailed specifications were requested, Wilson Jones Limited and Copeland-Chatterson Ltd., to compare only the two companies involved, were bidding different prices. It will be noted also that the price was adjusted as certain specifications were required. In fact, item 4 of the said letter reads as follows:

(Text):

Under date of March 9, 1959, a requisition for 1,000 binders French was received. Tenders were invited as hereunder.

(Translation):

Mr. Chairman, this information is taken from a letter sent to me on July 2, 1959, which was part of an order for return. Looking at the bottom of the page, we find that the difference in prices quoted by the two companies was small. In fact, Wilson Jones Limited tried to conform as closely as possible to the specifications of the Department of Mines and Technical Surveys, and we find that the difference was slight, because its initial price, which was $5.56 per binder, was raised to $7.04, whereas Copeland-Chatterson submitted a price of $7.84.

However, Mr. Chairman, I should hope that the hon. member for Hull (Mr. Caron), who spoke at great length after the letter was tabled in the house, would have read this paragraph in the letter that was produced in early July and which reads as follows.

(Text):

The order was placed with Wilson Jones Company Limited on the basis that a made-up sample would be accepted by the department prior to production. While the order still stands, the company has not yet been able to satisfy the department that the exact specifications have been met.

(Translation):

Another paragraph reads.

(Text):

As the department of public printing and stationery has 2,500 paidup back orders on hand, some received as far back as January, from schools, companies, libraries, etc., and in view of the urgent requirement in the Department of Mines

and Technical Surveys, it is recommended that authority be given to place an order with Copeland-Chatterson Limited.

(Translation):

Mr. Caron: Mr. Chairman, this does not alter what I have said to any extent. I said it was easy for the head of a department, as he is placed so as to be informed, to find all sorts of faults and to explain them as he thinks fit in a letter. That is why I said that it is not so much the minister who is responsible.

If the department was not satisfied with the work of Wilson Jones Limited, it would ask the firm to produce something else to the department's satisfaction. And the minister knows that it is always easy to find a reason for dissatisfaction. That is why I am asking for an investigation so that not only the person who signed the letter but also those who sent in a tender are given an opportunity to state their case, in order to know the difference between the various samples produced for the Department of Mines and Technical Surveys. So that does not alter what I said. That is what I said. It may be that officials from the department have a feeling of hatred with regard to some firms and find all sorts of faults. An investigation by the public accounts committee would either justify the government or condemn those responsible.

Mr. Chevrier: If the minister prefers, I will speak in French. The minister read two paragraphs from the letter of July 2, 1959. But in reading those two paragraphs I feel the minister has not given sufficient explanation to the house to justify the awarding of a contract such as this one, of four contracts I should say, to the highest bidder. The minister has no doubt other reasons than those mentioned in the letter. He is aware of the situation. He did not himself explain to the house how it is that these four contracts went to the highest bidder.

Mr. Courtemanche: I would point out to the hon. member for Laurier that the discussions about those binders began in 1956, under another administration. And it is the continuation of those discussions which resulted in what we now see under item 4. As specifications were given—and there again I rely on what I have myself—it is to be noted that Wilson Jones Limited, was quoting a price comparable to that of the firm to which the contract was awarded.

[Mr. Courtemanche.]

Mr. Chevrier: I am not satisfied with the minister's reply. He said the negotiations for the binders started under a former gorvernment. The minister has been asked to indicate when the contracts were let, and the reply given in the minister's return to the house shows that the contracts were let in December 1958, and therefore not under another administration. Also, the other replies indicate that six contracts were let, four of which went to the highest tenderer. I think the minister owes the committee some explanations as to the circumstances.

Mr. Courtemanche: I can only transmit the information given to me. I have the letter here, and it clearly shows that tenders were called, and certain specifications were given as to the type of binder required. Unfortunately, no bids were made by other companies than Wilson Jones Limited.

Mr. Caron: The minister has just indicated that in October 1956, authority had been granted to look into the matter with Copeland-Chatterson Ltd. That is a fact.

(Text):

In October 1956, the Department of Mines and Technical Surveys was authorized by this department to work with Copeland-Chatterson Limited in the development of a binder for the Atlas of Canada.

(Translation):

And even if I were to read it all, I could not establish anything else. We are forced to work out the model with Copeland-Chatterson Ltd., they say, on account of the ability of that firm. That does not exclude the right to ask other firms to submit a plan. The proof of that is that when a plan had been established, tenders were called from several firms; in fact, five firms sent in a tender: Wilson Jones Limited; E. G. Thomas; Brown Bros. Limited; Charles Chapman Company; Copeland-Chatterson Ltd. That shows clearly that the department had no intention to do business with one firm but to call for tenders and to grant the contracts, as far as possible, to the lowest tenderer. The explanation that has been given does not justify the awarding of the contract to the highest tenderer. The only way that we could justify the granting of a contract to the highest tenderer would be to call before the public accounts committee the departmental officials involved.

We should call the firms which were invited to tender on the various contracts and have the models produced before the committee so

that we could see for ourselves whether any particular model was so different that it could not have served the purpose.

Therefore I suggest that the only way to satisfy the hon. members and the Canadian public is to call before the committee the highest bidder who was awarded the contract and to submit to the public accounts committee the reasons for that choice. If the authorities were justified it would be easy for them to prove it and if they were not justified I know that the minister and the government would want to tell them exactly how they should proceed in future.

Mr. Courtemanche: I admit we would get more detailed information from an investigation by the Public Accounts committee. On the other hand I remind the committee that in 1956 Copeland-Chatterson Ltd. were asked to make a model. You then considered that firm to be better qualified than any other to make a model. After that, tenders were invited from other firms, and other firms were asked to make a binder of the most satisfactory model, that is the one proposed in 1956 by the Chatterson firm. That is what I gather from this letter. As tenders were received, it was noted that prices kept getting closer to those of the Copeland-Chatterson firm.

Mr. Caron: Does the minister admit that it would be more satisfactory to review all this matter? We do not want to blame any one, but there is something wrong somewhere. In fact, the investigating committee found that the highest tender was not the best one. But until then, I am not satisfied, and most of the members, even those who sit on the government side are not either. However, if this whole matter were reviewed, I think everybody would be satisfied.

Mr. Chevrier: May I make a suggestion to the minister to help him in the solution of this matter?

Does the minister not think that because of the suggestions made by the member for Hull (Mr. Caron), it would be better for him to make a statement, to-morrow perhaps, on the way the contracts were awarded and on the reasons why they were awarded to the highest tenderer?

Of course, if the hon. member insists on the holding of an inquiry about that, the decision remains with him. I do not want to dictate to him, but I think that to reach a practical conclusion, since it is late now, it would be better if the hon. minister were to make a statement tomorrow about that.

Now, I would like to ask another question of the minister, and this in all sincerity. Does he frankly think that he has given an adequate answer to the hon. member a while ago about *Le Flambeau* printing establishment?

Mr. Courtemanche: Oh yes.

Mr. Chevrier: Then I ask him this question: Is it a fact that the owner of that printing establishment is the brother-in-law of the minister?

Mr. Courtemanche: I did not deny that Mr. Gilbert Paquette owned that establishment.

Mr. Chevrier: No; the question I asked was this. Is the owner of *Le Flambeau* printing shop, the brother-in-law of the minister?

Mr. Courtemanche: Yes.

Mr. Chevrier: Does the minister believe that it is appropriate for a contract from the printing bureau...

Mr. Tremblay: Let us hear about the construction of the printing bureau.

Mr. Chevrier: —and this for an amount, I do not know how much, because it would be necessary to add it up—in any case, does the minister think that it is in order for a contract of that importance to be awarded by the hon. minister to such a close relative as the owner of the *Flambeau?*

Mr. Courtemanche: Mr. Chairman, I would not like to see the good name of a Mont Laurier printer tarnished because he is my brother-in-law.

Mr. Chevrier: One moment. On a question of privilege. I did not try to tarnish the good name of the minister's brother-in-law. I simply asked a question as tactfully as possible. I am allowed to do so, I am allowed to ask the minister to answer me in the same fashion.

Mr. Courtemanche: I answer the hon. member for Laurier as tactfully, as respectably and as kindly as he did, and I must tell him that as a printer, whether from Mont Laurier or from anywhere, anybody is allowed, provided he meets the prices established by the printing bureau or the conditions laid down, to put in a bid; he is also allowed to enter into contracts, and I fail to see why

Mr. Paquette, the owner of the printing concern *Le Flambeau,* who is my brother-in-law, would not have the right to get contracts to the amount of $2,000.

In addition, I must say that I did not put any pressure; I must tell him that I never told anybody at the printing bureau that Mr. Paquette was my brother-in-law.

I was not aware of the contracts he could get. Last year, 35,000 contracts were awarded. Four people are authorized to sign contracts at the printing bureau and those contracts never come into the hands of the Secretary of State.

Mr. Chevrier: I have no doubt that what the minister just said is true, that the contract has been awarded under normal circumstances, but what I asked him was simply this to which he did not answer: does he feel it is right, under such circumstances, that a contract be awarded to such a close relative of the minister?

Mr. Courtemanche: I just answered, perhaps not directly, but I just said to the hon. member for Laurier that I was not even aware that this contract had been granted to *Le Flambeau* in Mont Laurier.

Mr. Chevrier: Well, if the minister had known, would he have opposed it?

Mr. Courtemanche: I would have asked that a close eye be kept on the situation.

(Text):

Item agreed to.

The Deputy Chairman: That completes the estimates of the Secretary of State. We then come to legislation, vote No. 174—

Mr. Howard: Mr. Chairman, I do not want to delay anything but, if I may, I should like to suggest that this might be an appropriate time to cease and to start again tomorrow.

Mr. Bell (Carleton): Let us finish legislation.

Mr. Howard: I understood the general understanding to be that we would proceed this far. As a consequence of that understanding I took upstairs a number of the notes that I had for the purpose of dealing with the items under legislation. I did that as a consequence of the general appreciation we had that we would proceed to the end of the estimates of the Secretary of State.

An hon. Member: Ten o'clock.

Mr. Monteith (Perth): Ten o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

[Mr. Courtemanche.]

BUSINESS OF THE HOUSE

Mr. Chevrier: Will the acting house leader indicate what the government proposes to do tomorrow?

Mr. Churchill: I think we have had a very good day and a fine spirit of co-operation throughout. We have covered a considerable amount of business with the same care that the house has shown throughout the session. This is the business left for completion. On estimates we have left national revenue and C.B.C.; legislation; health and welfare; finance; a scattered few supplementary estimates for agriculture, citizenship and immigration and labour which were not passed at the time those estimates were before the committee; and also the item which was allowed to stand in the privy council estimates this evening, namely item 303.

Then I will list the legislative matters in the order in which they will be taken up when we reach them. No. 1 would be No. 7 on today's order paper, the bill with respect to a bridge across the Niagara river; No. 2, the bill with respect to the bridge across the Pigeon river; No. 3, the amendments to the bill with respect to a national energy board; No. 4, second reading of bill No. S-32, to repeal certain fishery laws.

Mr. Chevrier: That is not No. 4.

Mr. Churchill: It is No. 4 in the order in which I am giving them. It is No. 9 on today's order paper.

Mr. Chevrier: I am sorry for the interruption.

Mr. Churchill: Next would be No. 1 on the order paper, consideration of amendments to the Income Tax Act. The next will be the amendment to the Royal Canadian Mounted Police Act; that is item No. 2 on the order paper. No. 3 on my list would be No. 4 on the order paper with reference to the Criminal Code, and then would come No. 6 on today's order paper which is Bill No. C-70 to amend the Combines Investigation Act and the Criminal Code. That is the business before the house for completion.

Mr. Chevrier: Before the minister goes any further, what will be the order in which this legislation would be taken? Will it be the order which the minister has given, or will the legislation come first?

Mr. Churchill: Of the estimates?

Mr. Chevrier: No. I was asking—

Mr. Churchill: We shall continue with the estimates.

Mr. Chevrier: In the order given?

Mr. Churchill: In the order given and then when we reach the legislation that is the order I suggest. It is for the house to determine how we shall proceed. I make this suggestion for consideration, that we assemble tomorrow at 9.30.

An hon. Member: Oh.

Mr. Churchill: Let me make the suggestion, and we can discuss it for a minute or two. I suggest we assemble at 9.30, sit through the meal hour at noon and do the same at the supper hour. I suggest that during the course of the day we might confer, as we did today, to see what progress can be made and how long the sitting might be for Saturday. If that is agreeable to the house, that is what I would suggest as the procedure.

Mr. Chevrier: Mr. Speaker, I think that in so far as the general aspect of that program is concerned it would appeal to us on this side of the house, but there is one matter with which we are particularly concerned, as the minister knows, and it is the last item but one which he has mentioned, Bill No. C-70, an act to amend the Combines Investigation Act and the Criminal Code. I wonder if the minister could give some indication as to whether or not it is the intention to proceed with this bill as it is.

Mr. Churchill: I should be in a position to let hon. members know when we assemble tomorrow morning.

Mr. Chevrier: That is satisfactory.

Mr. Howard: I think it would be better if we were to meet at the regular hour of 11 o'clock, and proceed from there to the determination of the hours of sitting for the rest of the day—whether or not we should sit through the lunch hour and through the supper hour—rather than sit at 9.30 which I think is a bit early in view of the indeterminate state of things in so far as one particular piece of legislation is concerned.

Mr. Churchill: If 9.30 is a shade early in view of the lateness of the hour at present, what about 10 o'clock? I suggest we should leave it open to some extent during the course of the day and confer to see what progress the house is making and make, as we did today, sensible arrangements for the completion of the business in an orderly fashion. But I think an early start would be helpful.

Mr. Chevrier: We on this side of the house would be prepared to sit at 10.00 o'clock or 9.30 o'clock.

Mr. Howard: Eleven o'clock is the established hour, and we could proceed from that point.

Mr. Churchill: Beginning at 9.30 and going right through you would have a clear run of 12 hours to 9.30 in the evening. This is not unusual for the House of Commons. If we continued to 1.30 a.m. we would have a clear run of 14 hours, which is the equivalent of three normal days. There is nothing unusual about this. It has happened since I have been here, and reading the records of the past I know that our forefathers were able to endure all night sessions. I suggest that if we made an early start we would be able to be clear and definite as to the termination of the session during the course of the afternoon after we had conferred.

Mr. Chevrier: May I make this suggestion. I think, perhaps, there is something in what the hon. member for Skeena says. We have been very co-operative and have sat for quite a long time. May I make this compromise suggestion—that in order to meet the hon. member half way, or almost half way, with regard to his suggestion, we should sit at 10 o'clock. Then, I think, we shall be meeting both the suggestion made by the acting leader of the house and by the hon. member for Skeena.

Mr. Howard: That is precisely the suggestion which the Minister of Trade and Commerce made. That was the second suggestion and one with which I feel we should not agree.

At 12.28 a.m. the house adjourned, without question put, pursuant to standing order.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Administration services—

186. Departmental administration, $697,289.
187. Explosives Act administration, $95,418.
188. Mineral resources division, $281,753.

Surveys and mapping branch—

189. Branch administration, including a grant of $1,000 to the Canadian institute of surveying and photogrammetry, $82,820.
190. Geodetic survey of Canada, $788,606.
191. International boundary commission, $83,224.

Topographical surveys, including expenses of the Canadian board on geographical names—

192. Administration, operation and maintenance, $1,980,020.
193. Construction or acquisition of equipment, $100,000.

Canadian hydrographic service—

194. Administration, operation and maintenance, including Canada's fee for membership in the international hydrographic bureau, $3,661,349.
195. Construction or acquisition of buildings, works, land and equipment, $2,777,057.
196. Legal surveys and aeronautical charts, $775,463.
197. Provincial and territorial boundary surveys, $43,800.

Map compilation and reproduction—

198. Administration, operation and maintenance, $1,283,532.
199. Construction or acquisition of equipment, $180,200.

Geological survey of Canada—

200. Administration, operation and maintenance, including Canada's share of the cost of the geological liaison office, British commonwealth scientific conference, London, England, and $50,000 for grants in aid of geological research in Canadian universities, $3,299,108.
201. Construction or acquisition of equipment, $198,118.

Mines branch—

202. Administration, operation and maintenance, $3,527,130.
203. Construction or acquisition of equipment, $269,245.

Geographical branch—

204. Administration, operation and maintenance, including a grant of $500 to the Canadian association of geographers and a grant of $3,500 to the university of British Columbia in aid of research in foreign geography, $358,681.

Dominion observatories—

Dominion observatory, Ottawa and field stations—

205. Administration, operation and maintenance, including the expenses of the national committee for Canada of the international astronomical union, the fee for membership in the international astronomical union, and a grant of $3,500 to the royal astronomical society of Canada, $896,930.
206. Construction or acquisition of buildings, works, land and equipment, $486,800.
207. Administration, operation and maintenance, $146,838.
208. Construction or acquisition of buildings, works, land and equipment, $67,975.

General—

209. Purchases of air photography and the expenses of the interdepartmental committee on air surveys, $1,900,000.
210. Polar continental shelf project, $567,849.

B—Dominion coal board—

211. Administration and investigations of the dominion coal board, $121,925.
212. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $10,089,350.
213. Subventions in respect of eastern coal under agreements entered into pursuant to the Atlantic Provinces Power Development Act, $1,700,000.

A—Department—

Administration services—

537. Departmental administration—further amount required, $49,005.

Surveys and mapping branch—

Topographical surveys—

538. Administration, operation and maintenance—further amount required, $60,000.
539. Construction or acquisition of equipment—further amount required, $12,000.

Canadian hydrographic service—

540. Administration, operation and maintenance—further amount required, $214,190.

Map compilation and reproduction—

541. Administration, operation and maintenance—further amount required, $75,000.

Geological survey of Canada—

542. Administration, operation and maintenance—further amount required, $112,000.

Mines branch—

543. Administration, operation and maintenance—further amount required, $157,825.

Dominion observatories—

Dominion observatory, Ottawa and field stations—

544. Administration, operation and maintenance—further amount required, $57,600.
545. Construction or acquisition of equipment—further amount required, $268,800.

B—Dominion coal board—

546. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $4,332,900.

DEPARTMENT OF FISHERIES

General services—

127. Departmental administration, $398,000.
128. Information and educational service, including grant of $3,000 to Nova Scotia fisheries exhibition, $184,000.
129. Economics service, $327,600.
130. Industrial development service, $746,365.

Field services—

131. Field services administration, $870,710.

Conservation and development service—

132. Operation and maintenance (including the former destruction of harbour and gray seals), $5,532,452.
133. Construction or acquisition of buildings, works, land and equipment, $1,657,900.
134. Inspection and consumer service, $1,794,705.
135. Fishermen's indemnity plan administration, $236,600.

Special—

136. Canadian share of expenses of the international commissions detailed in the estimates, $972,830.

137. Newfoundland bait service, $435,560.

138. Extension of educational work in co-operative producing and selling among fishermen, $90,000.

139. Fisheries Prices Support Act administration, $63,940.

140. Payment, subject to such terms and conditions as the governor in council prescribes, of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50% of the laid down cost of salt purchased for their production, including authority to charge administrative costs to the vote in these estimates which provides for administration of the Fisheries Prices Support Act, $600,000.

141. Assistance in the construction of vessels of the dragger or long liner type, subject to such terms and conditions as may be approved by the governor in council, $350,000.

142. Assistance in the construction of bait freezing and storage facilities, subject to the regulations established by the governor in council, $30,000.

Fisheries research board of Canada—

143. Headquarters administration, $184,420.

144. Operation and maintenance, including an amount of $50,000 for contributions towards fisheries research and for scholarships, $3,950,565.

145. Construction or acquisition of buildings, works, land and equipment, $942,130.

General services—

514. Economics service—further amount required, $20,000.

515. Industrial development service — further amount required, $800,000.

Field services—

516. Field services administration—further amount required, $35,000.

Conservation and development service—

517. Construction or acquisition of buildings, works, land and equipment—further amount required, $295,300.

518. Inspection and consumer service—further amount required, $75,000.

Special—

519. Newfoundland bait service—further amount required, $101,000.

520. To recoup the lobster trap indemnity account, established under vote 540 of the Appropriation Act No. 5, 1955, to cover the net operating loss recorded in the account as at March 31, 1959, $70,790.

521. Destruction of dogfish and other predators, $250,000.

Fisheries research board of Canada—

522. Construction or acquisition of buildings, works, land and equipment—further amount required, $141,000.

POST OFFICE DEPARTMENT

294. Departmental administration, including Canada's share of the upkeep of the international bureaux at Berne and Montevideo, $1,915,483.

295. Operations—including salaries and other expenses of staff post offices, district offices, railway mail service staffs, and supplies, equipment and other items for revenue post offices, including administration, $103,037,621.

296. Transportation—movement of mail by land, air and water, including administration, $55,783,152.

297. Financial services, including audit of revenue, money order and savings bank business; and postage stamps, $2,828,709.

560. Operations—further amount required, $488,430.

561. Transportation—movement of mail by land, air and water, including administration—further amount required, $2,215,000.

562. Financial services, including audit of revenue, money order and savings bank business; and postage stamps—further amount required, $80,000.

GOVERNOR GENERAL AND LIEUTENANT GOVERNORS

146. Office of the secretary to the Governor General, $205,397.

147. To authorize reimbursement to the lieutenant-governors of the provinces of Canada of the costs of travelling and hospitality incurred in the exercise of their duties up to a maximum per annum for each as follows:

(a) Where the population of the province at the last decennial census did not exceed 500,000, $5,000;

(b) where the population of the province at the last decennial census exceeded 500,000, $5,000 plus $1,000 per each 100,000 or fraction of 100,000 of population over 500,000, but not exceeding $12,000 in any case, $86,000.

PRIVY COUNCIL

298. Payment, notwithstanding anything in the Financial Administration Act or the Senate and House of Commons Act respecting the independence of parliament, to each member of the Queen's privy council for Canada who is a minister for whom no salary or allowance in addition to the allowances under section 33 and section 44 of the Senate and House of Commons Act is provided (the acceptance of which shall not render such member ineligible or disqualify him as a member of the House of Commons) of a salary of $7,500 per annum and pro rata for any period less than a year, $15,000.

Privy council office—

299. General administration, $503,643.

Prime minister's residence—

300. Maintenance and operation, $25,000.

Special—

301. Expenses of the royal commission on energy policies including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $100,000.

302. Expenses of the royal commission on price spreads of food products including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $170,000.

304. Expenses pertaining to the visit to Canada in 1959 of Her Majesty the Queen and His Royal Highness The Prince Philip, Duke of Edinburgh, including authority, notwithstanding the Civil Service Act or any other Act but subject to the approval of treasury board, to appoint and to pay persons to be engaged temporarily in connection therewith, $300,000.

National capital commission—
(formerly the federal district commission)—

305. Administration, and operation and maintenance of parks, parkways and grounds adjoining government buildings at Ottawa and Hull, $1,795,795.

Supply—Items Passed

306. Interest charges on outstanding loans that were made for the purpose of acquiring property in the national capital region, $350,000.

307. Payment to the national capital fund, $4,000,000.

National capital commission—

478. Loans to the national capital commission in accordance with section 16 of the National Capital Act for the purpose of acquiring property in the national capital region, excluding property being acquired for the purpose of establishing what is commonly referred to as the "greenbelt", $2,300,000.

479. Loans to the national capital commission, in the current and subsequent fiscal years, in accordance with section 16 of the National Capital Act for the purpose of acquiring property in that area of the national capital region commonly referred to as the "greenbelt", $9,000,000.

Special—

563. Expenses of the royal commission on railway problems including the payment, notwithstanding the Civil Service Act, of honoraria or allowances as may be authorized by the treasury board to officers, clerks or employees permanently employed in the civil service for services rendered by them to the commission, $200,000.

DEPARTMENT OF SECRETARY OF STATE

372. Departmental administration, $303,040.

373. Companies division, $115,035.

374. Trade marks division, including a contribution to the international office for the protection of industrial property, $196,478.

375. Bureau for translations, $1,599,375.

Patent and copyright office—

376. Administration division, $207,190.

377. Patent division, $1,991,670.

378. Copyright and industrial designs division, including a contribution to the international office for the protection of literary and artistic works, $31,115.

Special—

379. Special expenditure in connection with a commission under the Inquiries Act to inquire into the workings of the Patent Act, the Copyright Act, the Industrial Designs Act, and other related legislation, $11,900.

OFFICE OF THE CHIEF ELECTORAL OFFICER

47. Salaries and the expenses of office, $79,420.

PUBLIC PRINTING AND STATIONERY

311. Departmental administration, $656,595.

312. Purchasing, stationery and stores, $1,169,699.

313. Distribution of official documents, $432,245.

314. Printing and binding official publications for sale and distribution to departments and the public, $700,000.

315. Printing of Canada Gazette, $110,000.

316. Printing and binding the annual statutes, $35,000.

317. Plant equipment and replacements, $397,711.

CIVIL SERVICE COMMISSION

67. Salaries and contingencies of the commission, $3,661,089.

501. Salaries and contingencies of the commission —further amount required, $104,872.

HOUSE OF COMMONS

Saturday, July 18, 1959

The house met at 11 a.m.

BUSINESS OF THE HOUSE

BILL OF RIGHTS—SUBMISSION TO JOINT COMMITTEE NEXT SESSION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, with the leave of the house I would like to say a few words in respect of one portion of the legislative program, and in particular to answer the question asked a few days ago by the hon. member for Skeena (Mr. Howard).

This has been a long and, I think, very productive session. There have been more committees sitting than was the case at any time during the years I have been here. I think it would be generally admitted by members in all parts of the house that the work done by those committees has been comprehensive and helpful. The membership of the various committees have been most diligent in the discharge of their responsibilities.

I am not one of those who through the years have advocated the extension of the committee system, but I do feel, while maintaining to the strictest degree our parliamentary system and in no way adopting the system in effect in the United States of America, which meets the needs of that country, this session has shown the benefits that flow from the mobilization of the help of private members everywhere in the house.

I say that as a preface to my remarks in respect of the bill of rights. I am in no way changed in my view as to the necessity of a bill of rights being passed by parliament, and the experience in government in no way has lessened my feelings as to the necessity of such a bill.

As hon. members know, a draft bill was introduced in the concluding days of the last session with a view to assuring that the fullest possible representations might be made by interested bodies, groups and individuals. In that respect there have been many such representations made by private individuals as well as by institutions such as civil rights organizations in various parts of the country and the Canadian Bar Association.

I believe it is generally accepted by hon. members that when the bill of rights finally passes it shall be as comprehensive and all-inclusive as the constitution will permit. Representations and suggestions are being received even now; and while I expressed the view some months ago that there was no necessity, as I saw it then, for a committee of both houses to consider the matter fully in so far as the terms of the suggested bill are concerned, in the light of representations made since I have altered my viewpoint, as I hope I always will when reason demands a change.

I have come to the conclusion that it would be well to have the draft bill of rights submitted to a joint committee of both houses, that committee to consider no other question than the terminology of the bill. As I see it, the question as to the need of a bill of rights would not be a subject for consideration by the committee. Such a committee would provide the fullest possible opportunity for further discussion and consideration, to the end that when the bill is enacted this historic step in the maintenance and preservation of freedom under law will be the most significant that parliament can attain through joint counsel and consideration.

In saying that I want to make clear that from the suggestion I have to offer to postpone the introduction of the bill of rights until the beginning of the next session, no one is to take that postponement as any indication of less allegiance on the part of the government and myself to the paramount need of this legislation being passed. Therefore under the circumstances I am going to suggest that the bill of rights already drafted be brought up at the next session at the earliest possible date, and that a joint committee for the purposes I have mentioned be then set up. Even though my views changed during the progress of the present session as to the benefits that might flow from the setting up of such a committee, I realized that with the number of committees that were sitting it would be next to impossible at this session to set up still another committee.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, while we on this side are as anxious as ever to do everything that is possible to maintain and strengthen human rights and fundamental freedoms to the maximum possible extent, we feel that the procedure outlined by the Prime Minister is a practical one, all the more so because we

have thought from the beginning that this matter should be submitted to a joint committee of parliament for full and comprehensive consideration.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group was very interested to hear the Prime Minister's announcement with respect to the postponement of the introduction of this bill of rights until next session. I must say we were pleased to learn he has responded favourably to the representations made from many quarters for this bill to be referred to a committee of both houses. We are very anxious that this important document be the product of consultation and cooperation among all interested persons in this country.

In conclusion, I hope the Prime Minister has this legislation introduced early in the next session.

Mr. Diefenbaker: I thank hon. gentlemen for what they have said. So there will be no misunderstanding as to the words I used about the procedure, a draft bill will be submitted, and the plan I have in mind is for the introduction of the bill in this house and after discussion and second reading it will be submitted to a committee, to the end that the objectives that have been mentioned by the hon. member for Kootenay West may be attained.

MISCELLANEOUS PRIVATE BILLS

CONCURRENCE IN TWENTY-THIRD REPORT OF STANDING COMMITTEE

Mr. R. J. McCleave (Halifax) presented the twenty-third report of the standing committee on miscellaneous private bills and moved that the report be concurred in.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, there is just one point I want to raise very briefly about the report, and it is this. I am not clear about the right of the committee to make a report of this nature when it is a standing committee dealing with particular bills referred to it, and only that. This is the only observation I wish to make on the subject. I feel this should be drawn to the attention of the house, because if standing committees are to make reports that go beyond the reference to them we could get into a great deal of difficulty. I am not clear as to whether or not this report goes beyond the reference to the committee, but I question it very much. It may be that the report is within the reference to the committee, but I wanted to raise that question.

[Mr. Pearson.]

Mr. Speaker: Subject to the remarks made by the hon. member for Ottawa West, is it the pleasure of the house to adopt the motion?

Motion agreed to.

FISHERIES

NEW BRUNSWICK—ANNOUNCEMENT OF CONTRIBUTION TO STORM DISASTER FUND

Hon. A. J. Brooks (Minister of Veterans Affairs): Mr. Speaker, I wish to make an announcement with reference to the New Brunswick fishermen's disaster fund. Hon. members will recall that a few weeks ago a terrific storm struck the coast of New Brunswick along the Northumberland strait taking the lives of 35 fishermen and destroying boats and equipment worth in the vicinity of $750,000. Most of those who lost their lives were heads of families, and as a result some 20 widows, 4 mothers and 83 children are left unprovided for and practically destitute.

A fund has been started in the province known as the New Brunswick fishermen's disaster fund, to which I have the honour to report that the federal government is contributing $50,000. I know, Mr. Speaker, that I speak for all those concerned when I say we are very grateful for this generous contribution.

Mr. G. R. McWilliam (Northumberland-Miramichi): I am sure the house and the country will welcome the announcement just made by the Minister of Veterans Affairs. We appreciate the generosity of the government in making a grant of $50,000 to the New Brunswick disaster relief fund. On behalf of the people of Northumberland-Miramichi and, I might say, all the people of New Brunswick, I wish to express their appreciation for the generous gift.

UNEMPLOYMENT INSURANCE

ADVISORY COMMITTEE—INQUIRY AS TO APPOINTMENTS

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): May I ask the Prime Minister whether it is a fact, as stated by the Canadian Labour Congress, that at a meeting on July 3 between the Prime Minister and representatives of the congress there was an agreement that when consultation with the Canadian Labour Congress is required in appointments of labour representatives to government organizations, this means that if the labour nominee is not acceptable to the

government, the Canadian Labour Congress will be so informed and will be asked to submit other nominees?

Right Hon. J. G. Diefenbaker (Prime Minister): I mentioned yesterday that there had been discussions with respect to the whole question of appointments with regard to which consultation is to take place. Following discussions in my office the Minister of Labour (Mr. Starr) met with the president of the organization and, I think, one or two other officials. Unfortunately he is not here today to give the information asked for by the hon. gentleman.

Hon. Paul Martin (Essex East): I have a supplementary question in view of the importance of this matter. Has the Prime Minister taken into consideration the implications of section 86 of the Unemployment Insurance Act, which requires consultation with labour in respect of appointments made to the unemployment insurance advisory commission?

Mr. Diefenbaker: The government has always taken into consideration that section and the tenor of that section. Indeed, so far has this government gone in pursuance of its promises that as to any commission or board set up, entirely apart from any statutory provision it is required on our part that representation of labour be on all commissions and the like in respect of which labour has an interest. The same principle of consultation applies as to appointments made for industry or representatives of industry. The same course has been followed in that regard. Names have been asked for pursuant to the principle of consultation, and following that the decision as to who should be chosen must necessarily, following consultation, be the determination of the governor in council.

Mr. Martin (Essex East): Violation of the act.

GRAIN

SASKATCHEWAN—ALLEGED REFUSAL OF C.P.R. TO ALLOCATE BOX CARS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the apparently impossible has become the inevitable. I am about to ask the Minister of Trade and Commerce a question on box cars. My question arises out of telegrams and letters received this morning from Saskatchewan pool elevator committees protesting the action of the C.P.R. in refusing to supply box cars to Saskatchewan wheat pool elevators for shipment of wheat to the lakehead. This refusal, they state, is a discrimination against the farmer-owned elevator system, which is not getting its share of box cars, and is contrary to the recommendations of both the Bracken commission and the agriculture committee of this house regarding the right of the producer to deliver grain to the elevator of his choice and, I presume, in some cases of her choice.

Will the minister assure the house that he will take immediate action to investigate this situation and have the embargo order rescinded, so that all companies may handle the business earned by them?

Hon. Gordon Churchill (Minister of Trade and Commerce): I thank the hon. member for giving me notice of this question. I can assure him that the situation will be investigated immediately. I also repeat my assurance of some time ago, that before the house rises I will make an announcement concerning the box car situation and regulations governing the same for the crop year commencing August 1.

SHIPPING

REPORTED PROTEST CONCERNING U.S. PILOTAGE JURISDICTION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Minister of Transport. What information and what views has the minister on the protest made to the U.S. state department by United States pilots over the alleged raiding of United States pilotage jurisdiction by the Canadian government in placing a Canadian pilot aboard the steamer *Harry Coulby* at Cape Vincent, New York, on July 1, 1959?

Hon. George H. Hees (Minister of Transport): I wish to thank the hon. member for giving me notice of this question, which I received just before coming into the house. I have not seen this report and am not aware of the situation, but I will look into it.

Mr. Fisher: May I ask a supplementary question. Is the minister aware that the great lakes district, international organization of masters, mates and pilots, which is the United States organization, has forwarded a demand to the United States state department that the state department take action to bar Canadian pilots from St. Regis to Wilson island, the Soo locks and lake Michigan in its entirety, as both these are strictly United States waters, no part being Canadian?

Mr. Hees: No, Mr. Speaker.

Inquiries of the Ministry

NATIONAL DEFENCE

REPORTED STATEMENT RESPECTING U.S. STOCKPILING OF ATOMIC WEAPONS IN CANADA

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I would like to ask the Prime Minister whether he cares to comment on a statement, which appeared in the press this morning, by the assistant to United States defence secretary McElroy before the joint congressional committee on atomic energy yesterday in Washington, that the United States has made it clear that it is ready to stockpile atomic weapons in Canada, but that full control and custody of those weapons must rest with the United States?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I am not in a position to comment on that statement. This is one of those matters which require more than an offhand answer. I have had no notice of it, and therefore cannot go into detail.

LONGUE POINTE, MONTREAL—LAY-OFFS AT ORDNANCE DEPOT

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to direct a question to the Minister of National Defence, but in his absence I hope the Minister of Defence Production will be able to give a reply. Is the minister aware that hundreds of employees of the ordnance depot at Longue Pointe, Montreal, have been laid off recently? If so, would the minister comment on the rumour that this plant, employing thousands of men, will eventually close?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, this is a question which should be directed to the Minister of National Defence. I am not aware of the circumstances the hon. member has mentioned, but I will bring this matter to the attention of the Minister of National Defence.

DRUGS

INQUIRY AS TO DISPOSITION AND TREATMENT OF ADDICTS

On the orders of the day:

Mr. Frank Howard (Skeena): I would like to pose a question to the Minister of Justice. On Thursday, July 16, during the minister's absence while with Her Majesty, I asked the question which appears on page 6102 of *Hansard* with respect to an investigation which is apparently under way in metropolitan Toronto in so far as treatment of narcotic addicts is concerned. I wonder if the minister can give some indication now of the position of the federal government.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, as I recall it when the question was asked it was dealt with by my colleague the Minister of National Health and Welfare, and so I did not prepare a formal answer myself. However, I have been following the matter, and my department has also been following with interest the developments in Toronto. As things stand at present that inquiry is proceeding and I think should proceed on the basis that it is the responsibility of the metropolitan Toronto authorities alone. There are reasons for this which my hon. friend will appreciate, the principal one being that there are other matters being investigated besides drug addiction. While at the moment we are not taking any part in it, I can assure my hon. friend that we will follow with interest the results and findings of that investigation so far as the problem of addiction is concerned.

CITIZENSHIP AND IMMIGRATION

ALLEGED PARTIALITY OF MINISTER IN GRANTING OF CITIZENSHIP PAPERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, in case this should be the last day of the session I would like to give the Minister of Citizenship and Immigration the opportunity to clear her name of a charge which has been circulated in Ottawa, to the effect that she has used her position and her attachment to a certain organization to enable a certain young man to get his citizenship papers in a hurry, whereas another young man from another part of Canada has not been able to get his papers.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the young man who qualified did so under the Immigration Act. The young man who did not qualify was disqualified under the provisions of the Immigration Act.

Mr. Fisher: A supplementary question. So it has nothing whatever to do with the Hamilton Tiger Cats football team?

Mrs. Fairclough: Mr. Speaker, I made an error; I should have said the Citizenship Act, not the Immigration Act. With reference to the last comment of the hon. member, the answer is no; but naturally as a fan I cannot help but feel gratified that there was a favourable result.

DEFENCE PRODUCTION

CAMP GAGETOWN EXPENDITURES—NEWFOUNDLAND SHARE OF ATLANTIC PROVINCES EXPENDITURES

On the orders of the day:

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, during consideration of my department's estimates on July 9 the hon. member for Bonavista-Twillingate asked two questions, and seeing that we were both in a co-operative mood that night I promised to provide an answer before the end of the session.

His first request was for an estimate of the increased expenditures on general procurement resulting from the establishment of Camp Gagetown. I have now obtained figures for all purchases made in the Atlantic provinces during the fiscal years 1957-58 and 1958-59 which are known to have been destined for Camp Gagetown. For 1957-58 the total was $3,046,479 and for 1958-59, $3,504,354. I have here a table showing the breakdown of these figures by categories, which the hon. member might wish to have incorporated in the record. These figures do not include the value of supplies such as tinned food or clothing and footwear which may have been purchased in the Atlantic provinces for delivery to depots in central Canada and subsequently issued to the camp, since these are not readily identifiable. On the other hand, the figures do include local purchases made directly by the army units stationed at Camp Gagetown.

As the hon. member will notice, the increase from 1957-58 to 1958-59 was slightly less than $500,000, which is only about 7 per cent of the total increase in our purchasing in the Atlantic provinces, as I reported on June 3 and July 9. The ration strength of the camp was, in fact, lower in 1958-59 than in 1957-58. Consequently, although it may be true, as the hon. member for Bonavista-Twillingate suggested, that the establishment of the camp had a stimulating effect on the economy of the area, this does not account for any of the increase in our purchases within the Atlantic provinces in 1958-59.

The other question was what proportion of the expenditures for the Atlantic provinces in the last fiscal year was spent in the province of Newfoundland. The answer to this is 4.1 per cent.

I request permission to have this table printed in *Hansard*.

Mr. Speaker: Has the minister leave to incorporate the balance of his answer in *Hansard*?

Some hon. Members: Agreed.

Inquiries of the Ministry

[*Editor's note: The table above referred to is as follows*]

Purchases in the Atlantic Provinces for Camp Gagetown

	1957-58	1958-59
Barrack equipment and furniture repairs	20,500	16,500
Clothing	1,358	2,636
Communication equipment spares	203	514
Food	1,261,695	1,113,783
Fuel and fuel hauling	520,165	574,240
Heavy equipment spares	8,789	1,165
Laundry and dry cleaning	54,161	68,507
Mechanical transport spares and batteries	45,416	60,033
Photographic and medical supplies	707	2,900
Petroleum, oil, lubricants and associated products	310,524	203,368
Sanitation services and supplies	390,443	567,155
Vehicle repairs	56,851	31,676
Building materials	375,667	861,877
	$3,046,479	$3,504,354

Hon. J. W. Pickersgill (Bonavista-Twillingate): A supplementary question, Mr. Speaker. It is quite evident from these figures that the establishment at Gagetown has in fact been a great stimulus to the economy of the region, but the minister suggested in his answer that clothing, shoes and things of that sort might be bought in the Atlantic provinces, transported to a depot in central Canada and sent back to the camp again for issue to the troops there. Surely this government does not indulge in practices of that kind.

Mr. Speaker: Is the hon. member framing a question or making a statement?

CANADIAN NATIONAL RAILWAYS

QUEBEC—INQUIRY AS TO LAY-OFFS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Minister of Transport if he has had time to obtain a reply to the question I asked yesterday concerning lay-offs in the districts of Quebec, Charny and Chicoutimi?

Hon. George H. Hees (Minister of Transport): No, Mr. Speaker, I have communicated with the Canadian National Railways but their offices are closed this morning, and we have not received an answer.

[*Later*:]

Mr. Chevrier: Mr. Speaker, may I direct a question to the Minister of Transport. When he is asking the Canadian National Railways for information in connection with lay-offs in the Quebec district, would he also be good enough to inquire whether in the district of Mirror, Alberta, there have been considerable lay-offs within the last twelve months

which have reduced the personnel from 172 to well below 100. Would he inquire from the C.N.R. whether there is any opportunity of taking these men back in some form of employment or other and, if not, whether the government is able to do anything for these men.

Mr. Hees: I shall be very glad to make that inquiry, Mr. Speaker.

SECRETARY OF STATE

PRINTING BUREAU—CONTRACTS FOR ATLAS BINDERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I ask the Secretary of State if he intends to make a statement in connection with one of the matters which was under discussion during consideration of his estimates last night and on which he undertook to give the house a statement, concerning contracts for binders?

(Translation):

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I am quite prepared to give the information; unfortunately, the house adjourned so very late last night that I could not get in touch with the officials who could supply me with the required information.

Mr. Chevrier: Will the minister reply before the end of the day?

Mr. Courtemanche: I shall try, Mr. Speaker.

(Text):

INQUIRY FOR RETURN

NATIONAL REVENUE AND IMMIGRATION STATISTICS, B.C. PORTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Secretary of State. On July 1, in question No. 484, I asked certain questions with respect to the Department of National Revenue. In view of the fact that I asked the questions in the hope of getting arguments to use on the minister's estimates today, is there any possibility of this information being given to me today, before the minister's estimates are concluded?

(Translation):

Hon. Henri Courtemanche (Secretary of State): Mr. Speaker, I shall look into it, and if it is at all possible to table the requested document, I shall be pleased to do so.

(Text):

PUBLIC SERVICE

INQUIRY AS TO APPOINTMENT OF QUEEN'S PRINTER

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, in all sympathy for the Secretary of State, would the Prime Minister consider giving him the help he needs through the appointment of a queen's printer in the near future?

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I believe that question deserves a reply. In other words, when does the Prime Minister, under whose jurisdiction I believe this appointment comes, intend to make this appointment?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have heard the question and the answer is "shortly".

POST OFFICE DEPARTMENT

LIVERPOOL, N.S.—INQUIRY AS TO COMMEMORATIVE STAMP ISSUE

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, may I direct a question to the Postmaster General. I have just noticed that the town of Liverpool in Nova Scotia this year celebrates its 200th anniversary. May I ask the minister if his department has considered bringing out a special postage stamp to commemorate the 200th anniversary of that town?

Hon. W. M. Hamilton (Postmaster General): No, Mr. Speaker. The hon. gentleman is a little late in making his request.

AGRICULTURE

INQUIRY AS TO POLICY ON DEFICIENCY PAYMENTS ON GRAIN

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister or the Minister of Agriculture on this the last or nearly the last day of this session whether the government has yet reached a policy arising out of the demands and representation made by two delegations, one of them a very large one and another a smaller representative delegation from western Canada, asking for deficiency payments on wheat, oats and barley? The house will recall that on June 15 the Prime Minister said that the government had not yet arrived at its policy with regard to this matter.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer of June 15 still stands.

Mr. Martin (Essex East): This is such an important matter, may I ask a supplementary question. Does that mean parliament will

not be given the opportunity of knowing the answer the government makes to these very important delegations of over 1,000 farmers from western Canada?

Mr. Diefenbaker: Mr. Speaker, I can only say that if parliament is sitting at the time the decision is made, the announcement will be made in the house.

FREIGHT RATES

NORTHERN ONTARIO—SUBSIDES ON FERTILIZER AND FARM EQUIPMENT

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I wish to direct a question to the Minister of Transport. I hope this is in his jurisdiction, but I must confess I am not sure. Could the minister say whether any representations have been made to the federal government requesting a subsidy on freight rates on fertilizer and farm equipment going into northern Ontario? If so, what consideration has been given to this request?

Hon. George H. Hees (Minister of Transport): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. However, I received it only on coming into the house. I have not received any such representations myself, but I will be very glad to make inquiries in my department.

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

254. General administration, $4,317,418.

The Chairman: This item will be found on page 53 of the blue book, and the details on page 350.

Hon. George C. Nowlan (Minister of National Revenue): Mr. Chairman, this item deals with the Department of National Revenue, customs and excise divisions. The estimates of this department have been before the committee on estimates, and several days were spent in a discussion of them. I do not propose at this time to make any lengthy preliminary statement on the item. The item deals with the employees, the revenues and all the other activities of the department.

I do not propose to make a statement, but I do want to point out at the moment what is known to all hon. members, namely that 95 per cent of the item is for salaries. I also want to point out that this is one department, despite increases in salaries and increasing responsibilities, in the over-all estimate shows a reduction as compared to last year, which I think is possibly some indication of the efficiency of the department and also, I must say, due to the improvement in modern methods of computation, and so on.

We have had reports from the committee, investigating the civil service commission, *et al*, and as a result certain official practices have been brought up to date. I do not think at this time the committee would be interested in hearing any statement from me. I would be very glad, of course, to try to supply answers to any questions or to reply to comments that come up during the discussion.

Mr. Pearson: As the minister has said, these estimates received thorough and exhaustive examination in the committee on estimates. Perhaps that will make it unnecessary to spend the time on these estimates that would otherwise be required. If there is only a short time devoted to them it should not lead to any misunderstanding, because it should be known that they have already received very careful examination.

Item agreed to.

CANADIAN BROADCASTING CORPORATION

43. Grant in respect of the net operating requirements of the radio and television services, $58,404,000.

Mr. Pearson: Is the minister going to make a statement on the C.B.C. at this time? Is this the item?

Mr. Nowlan: We are moving along so rapidly that I did not realize we had reached this one. The taxation officials must be out of breath trying to race downstairs before we carried the items of national revenue and taxation.

Mr. Chevrier: I hope they do not break their necks.

Mr. Nowlan: That is a more charitable attitude than probably some taxpayers of this country take.

I have not any prepared statement, Mr. Chairman, in so far as the C.B.C. is concerned. I really did not expect that we would get to this point quite so rapidly in the morning, though I am very thankful that we did.

The Canadian Broadcasting Corporation has been the subject of considerable newspaper comment during the past six months. It has been before the committee on broadcasting and had an exhaustive review. I will not say "exhaustive" because I understand the committee has suggested that it still wants to conduct further studies with respect to it; but this has been a year in which the C.B.C.

has probably attracted as much publicity, been involved in as many difficulties and subjected to as much criticism, shall I say, and also as much commendation as any year in the corporation's history. It has been a year of stress and strain. Of the two leading executive officers, one has been stricken with a heart attack and the other one is worn out with exhaustion. It has been a year which certainly will always be remembered, I am sure, by the corporation, and I do not think there is any real purpose that can be served by my discussing the matter at this time. However, there is a statement I do want to make with respect to the C.B.C. and broadcasting which I think should be given to the committee before detailed consideration is given to the estimates.

Hon. members will recall that the previous government in December, 1952 laid down a policy of permitting only one television station in each area, except where there was to be one each in the French and the English languages. This policy was apparently intended to assist in developing and conserving commercial revenue, and also to support an industry which was very expensive and which at that time, at any rate, was in an experimental stage. That policy was criticized by members of the Conservative party then in opposition, and it was criticized as having a monopolistic tendency.

Since the present government took office it has carefully re-examined the situation with a view to changing the previous policy to one of competition and greater freedom. First it was necessary, of course, to establish the board of broadcast governors as an independent regulatory body. This has now been done. It was necessary to assess the general position of both the C.B.C. and private broadcasters in the light of present circumstances and in the light of the whole review made by the royal commission, which reported in 1957. It may be recalled that that commission recommended the abandonment —I want to emphasize this—of the old single station policy and the licensing of competing stations, subject to suitable conditions. In addition, the commission warned of certain problems and difficulties which will no doubt be in the minds of any who seek licences to establish new stations, as well as those who grant such licences.

The establishment of new competing stations in the larger centres of population will no doubt affect the commercial revenues of those now operating there and will, of course, affect particularly perhaps the Canadian Broadcasting Corporation revenues. We are all very conscious of the problems in the financing of the C.B.C. and the difficulties it faces in obtaining commercial revenues. On the other hand we believe competition will be of benefit to the consumers of television services, that is to the Canadian people who pay for the services one way or another. We believe also that it will be a spur to improve the efficiency of both private and public operators.

In that connection I might interpolate in my prepared statement and venture to suggest that there has been a great deal of criticism of the C.B.C. for carrying on a certain type of program service. There are those, of course, who think this type of program should be dropped and that type of program should be dropped, but I suggest to this committee that as long as the government maintains the single station policy, then I would think it is almost essential that the Canadian Broadcasting Corporation has to carry out this broad basis of programming because no other facilities provide them. Once you do get competing services it is possible—and I emphasize "possible"—that the C.B.C. will be in a position to deal with the new problems which arise.

The government has consequently decided that as from September 15, 1959 it will be prepared to consider applications for additional television broadcasting stations in areas already provided with television service. These applications should be made to the Department of Transport in the normal way for checking all their technical features under the Radio Act. They will then be passed to the board of broadcast governors for hearing and decision under the Broadcasting Act. They will finally require, of course, the approval of the government in accordance with that act. Under the policy I am now announcing the government will now be prepared to give that approval if all those previous requisite conditions are met.

It may well be that the size of the market to be served will not justify additional stations in many of the areas already served, and where people are hopeful of obtaining additional licences. This is a matter which the board of broadcast governors no doubt will wish to take carefully into account in considering the proposals which may be put before it. Nevertheless, as time goes on it may be assumed that more and more areas in Canada will justify a second station.

I think, Mr. Chairman, that is all I wish to say at the moment. I know there will be many queries and comments and I shall be prepared to deal with those later, of course.

Mr. Pearson: Mr. Chairman, the almost spectacular speed which was shown a few minutes ago in completing the minister's estimates will perhaps be less noticeable in the

consideration of C.B.C. matters, because even at this stage of the session—and I wish it could have been earlier—some attention must be given to this very important matter. We discuss the affairs of the Canadian Broadcasting Corporation and broadcasting in Canada at a time of great anxiety about the future of a national broadcasting system in this country, an anxiety the responsibility for which, I suggest, should be shared between the government and the C.B.C. itself.

That principle I have mentioned, one national broadcasting system with its public and private sectors, is basic to our approach to this whole matter. I think it is also the approach of the minister, and anything I may say in criticism of recent policies should not be interpreted as suggesting that I do not have confidence in the minister's approach to what I consider to be basic, as I have said, to the problem of broadcasting in Canada. I think we on this side appreciate his views and the way he has tried to carry them out in this fundamental matter.

We think it essential, Mr. Chairman, that the publicly owned and operated sector of this national system, which is the Canadian Broadcasting Corporation, should be free from every form of unjustifiable influence or pressure, including, indeed, special pressure from government. To achieve the purpose I have mentioned of establishing a strong and independent national broadcasting system, as independent as such a system can be, subject always to parliamentary control of general policy—because I do not suggest for a minute that independence should go as far as to exclude parliamentary control—the Canadian Broadcasting Corporation, as the Fowler commission pointed out a few years ago, must have reasonable financial security, some certainty of at least a basic income over a longer time than the period of one year. It must also display administrative efficiency, and that in its turn implies maximum freedom from political pressures. The Fowler commission also stressed that point.

So far as the first matter is concerned, finance, in other days the Canadian Broadcasting Corporation had certain revenues assured by statute though, of course, especially in recent years, they were supplemented by parliamentary votes. That is no longer the case. The minister and the committee will recall that the Fowler commission was appointed primarily to investigate these questions of administration and finance, and it did make a very careful and exhaustive examination into these matters. As a result of that examination the commission report condemned the system of annual parliamentary grants on which the corporation would have largely to rely.

The minister will remember that we joined in that condemnation in the discussion we had of broadcasting affairs last August, when the present act was introduced into the house. The Fowler commission pointed out, as we tried to point out then, the danger of the Canadian Broadcasting Corporation being forced to go each year to the Minister of Finance and beg for the means of its existence without having any other source of revenue except that which came from commercial income. We felt then and we feel now that this uncertainty and insecurity should be removed to the maximum possible extent, and that the corporation should be given some assurance of a fixed income over a longer period than one year and told to live within that income.

The present act which was passed last year, in section 35, subsection 1, I think, gives the Minister of Finance more control over the affairs of the C.B.C. than was previously the case. Before the C.B.C. annual budget goes to cabinet it must be approved by the Minister of Finance as well as by the minister responsible for C.B.C. affairs, the Minister of National Revenue. Last year when we were considering this aspect of the matter in the house we pointed out, as will be found in my statement recorded on page 4053 of *Hansard*:

> We fear that using this system of annual appropriations and nothing else under a government not too enthusiastic about the C.B.C. . . . the activities and the necessary expansion of the corporation could be prejudiced and the power of the purse used annually could impose the views of government in a field where this kind of interference could be damaging to the right of the people to be informed objectively.

Nothing has happened since that time to remove our fears on that score. That leads me to the second important aspect of this problem, how to establish administrative efficiency and that which must go along with it, reasonable political independence; not, I repeat, independence of parliament, because no one desires that, but independence of other forms of political pressure. We felt then and we feel even more today that that objective will perhaps be more difficult to achieve under the new act than under the old.

One reason for that is the change which has been made, a change challenged in the report of the parliamentary committee this year, by which the chief executive officer of the corporation is the chairman of the board. I believe the parliamentary committee has recommended a change in that regard, and in principle we certainly support that change. We also quarrelled last September with the appointment of top officials during pleasure; and though we were not able to convince the minister that a change should be made in

that regard, the other place was more fortunate than we were. Fortunately that change was made so that they are now appointed during good behaviour.

Mr. Nowlan: And the minister was very co-operative.

Mr. Pearson: The minister was indeed most co-operative in regard to the recommendation made by the other place, but not quite so co-operative in regard to the recommendation which came from this side in this place. The president and vice president of the corporation are now appointed by the governor in council, the cabinet. Previously I think they were appointed only by the government on recommendation from the board of governors. We thought that was a change in the wrong direction.

We were told last September that the new board of directors of the C.B.C. would be a guarantee of protection against government pressure, and that they would be generally responsible for policy and administration. We criticized the present act, Mr. Chairman, for its inadequacy to accomplish the purpose I have just mentioned, and indeed for other reasons, and we feel that our worries in this regard have been justified by the events of last year.

We criticized the act because we thought it weakened the principle of one national system. We criticized it because we thought it would make increasingly for two parallel systems, one public and one private. We felt there would be perhaps more weakness and confusion in the administration under the present act than previously because of the appointment of two boards. We felt at that time that, perhaps because of that administrative set-up, the C.B.C. board might become less and less influential and less effective. We thought the C.B.C. itself had been weakened under the new act, and under the new act would be more exposed rather than less exposed to political interference. We thought that would be all the easier because of the new and cumbersome administrative set-up.

Perhaps I might be permitted, Mr. Chairman, to quote from *Hansard* of last August what I said on this matter. I should like to quote from page 4052 where I said this, and I think experience has confirmed the validity of my remarks:

> A third danger to the C.B.C. as a result of this bill is, as I see it, that the new administrative set-up of the corporation will become more cumbersome, and its independence will be somewhat less than that which now exists. It will have its own board, but its activities will be subject also to regulation, at least in principle, by the new board of broadcast governors. It will also have to submit its activities for approval to the responsible minister each year—also to the Minister of Finance, and I will come back to that in a moment—and to the governor in council and finally to parliament. It will readily be seen that in this procedure there will be opportunities to restrict the C.B.C.'s activties, to discourage leadership and enterprise within the C.B.C., and to tamper with its independence which is so essential to the corporation.

Then I went on:

> Under existing legislation the operating personnel of the C.B.C. from the general manager down are insulated, if I may use that word, from direct political pressure and political interference by the presence of a board of governors and a full time chairman of that board. That particular form of insulation has now been removed.

Then there is this:

> Perhaps the minister will say that something else has been put in its place, but I suggest that the new insulation is not going to be as effective as the old. The senior executive of the corporation now will be the president, who will also function as chairman of the board of governors of the corporation, which means that the responsible minister will now deal directly with the senior operating officer of the corporation—the president—instead of with an officer removed from day to day operation, the chairman. The new board will no longer be able to act, as it did formerly, as a protective shield for those concerned with the development, production and broadcasting of programs.

It seems to me, Mr. Chairman that these words take on new meaning now in the light of developments. It seems to me that the Canadian Broadcasting Corporation may have some difficulty in achieving the objective under the new set-up mentioned by the Minister of Finance when he spoke in this house on March 29, 1957 of the danger of political interference with the necessary independence of the C.B.C., as recorded at page 2827 of *Hansard*. This is the present Minister of Finance speaking:

> If the Canadian Broadcasting Corporation is to function in a manner free of government interference, then there must not be attempts on the part of the Prime Minister or other members of the government to influence the programming activities of the Canadian Broadcasting Corporation, and above all opinion broadcasts on public issues.

Those were the words of the present Minister of Finance. In my view, Mr. Chairman, the Canadian Broadcasting Corporation, partly because of the new set-up, is now under greater ministerial and political influence than before and there is, consequently, more ministerial contact with it than before. The minister when he appeared before the parliamentary committee had this to say, and I quote from page 603 of the committee evidence:

> Mr. Bushnell and I have been very close. We have talked freely and met two or three times a week in discussing the affairs of the corporation—

On the next page, 604, a question was asked by the hon. member for Port Arthur, as follows:

> Did you ever take any of these representations on programming from your colleagues to Mr. Bushnell?

The minister replied:

> Not in any specific way. I may have mentioned, and I undoubtedly have, many programs, sometimes commending him and sometimes criticizing him. I may have given my own personal opinion, and may have said: My colleagues are sore about this or irritated about that, or did appreciate that, or something of that kind. I have no power with the C.B.C. I am in the unfortunate position of receiving a lot of blame and having no responsibility for anything.

I think perhaps the minister is unduly modest about his own authority and influence in this particular matter.

Mr. Nowlan: A historical allusion you may remember.

Mr. Pearson: Yes, I remember. What, then, is the position now? Is the C.B.C. independent of political influence and political pressure in the way it should be? Again, I am not talking about parliament, but I am talking about other forms of political pressure. Perhaps I may be permitted to put on the record a paragraph from an article by a well known commentator on parliamentary affairs, Mr. Lynch, which appeared in the Ottawa *Citizen* of July 11 of this year under the title "The Dilemma of the C.B.C." Mr. Lynch had this to say in this article:

> Few members of parliament seem much impressed by talk of the independence of the C.B.C.
>
> The feeling of the government, as nearly as I can discern it, is that if the C.B.C. cannot be used for government purposes, at least it is not going to be used to defeat those purposes. Hence, top-level sensitivity about critical commentaries on radio and television and the efforts that were made to kill "Preview Commentary".

That is the quotation from the article. There always have been, there are now and there always will be people telling the C.B.C. to do this or that about programs, praising or criticizing and perhaps criticizing more often than praising. There always will be members of parliament who have their own views about C.B.C. programs. I do not think anybody wishes to interfere with their freedom in that regard, and perhaps their freedom as members of parliament to talk about it. But when advice, if I may use the word the minister has used and I think the head of the C.B.C. used, comes from the Prime Minister or a cabinet minister, especially perhaps from the minister responsible for C.B.C. affairs, surely that is in a different category of significance and importance.

Some members of this house will recall the great excitement that was created a few years ago when the prime minister of that day, Mr. St. Laurent, wrote a letter to the chairman of the C.B.C. criticizing one program, not a series but one particular program after that program had taken place. Hon. members will recall the great furore that was caused in the house by that letter and the resulting discussion that extended over two or three days, one result of which was that every member of the cabinet of that day had to stand up and declare himself. The hon. member for Essex East says all except him. He must have been out at the time on agricultural business.

But that particular incident, whatever view we may take about it; did that in fact prejudice the position of the C.B.C.? It might have, even in the circumstances I have mentioned. I admit that. It might have, because of a letter coming from the prime minister of this country; but it did not. That series went on as usual. Perhaps the significance of that episode has been very clearly put by the editor of the Hamilton *Spectator* in an editorial of June 23, 1959 entitled "Conservatives Putting Pressure on the C.B.C." when he had this to say:

> But the healthy and reassuring part of it—

That is of the incident I am talking about, when the prime minister wrote that letter.

> —was that, whether Mr. St. Laurent could write or had written as a private citizen, he received just the reply that any private citizen would have received. Mr. Dunton had told him that the C.B.C. was a vehicle for free expression of opinion and that was the end of it.

That last sentence is the crux of the matter. That was the end of it. But when the C.B.C. is now told by a minister that he or his colleagues or one of his colleagues or the Prime Minister or any member of the cabinet is "sore" at a program, is that now the end of it? That surely is a question with which we are faced.

All these anxieties, Mr. Chairman, were brought to a head by the cancellation of one program, "Preview Commentary", and the resignation of some 30 officials who believed that this cancellation was brought about by what three of them called clandestine political influence. This matter was investigated by the parliamentary committee and the verdict was that there was no evidence—it was a short verdict—to support this contention.

I ask any member of the committee to read, as perhaps most hon. members have done, that evidence and come to their own conclusions as to whether there is any evidence to justify that statement. The decision

to cancel this particular program which brought, as I say, these matters to a head—and they had been simmering in other ways for a good many weeks—was taken by the acting president of the corporation as the parliamentary session was, we hoped, then drawing to an end and as the parliamentary committee set about to discuss broadcasting, especially political broadcasting.

Why was that decision made so suddenly at that time? It certainly appeared to be sudden; certainly it was a sudden decision to the colleagues of the acting president. Mr. Bushnell himself, as reported at page 558 of the evidence, answered that question. He said this:

I must admit that having had a rather busy time—

And he certainly has had in the past year; he has worked, as the minister has said, extremely hard.

—this matter was not brought to my attention until some time, I should think, around the first of the year.

He does not say in his evidence who brought it to his attention at that time. Then he went on to say:

And, then again, I felt we had quite responsible people who would be looking after this—

He meant looking after that particular program. As I shall try to point out later, they were looking after it and they had no reason to believe it was causing any trouble at that stage. Then Mr. Bushnell went on to say:

—and I should think it would be about a month ago that I began to ask for the scripts. It is my personal view—and I think it is only fair to add that a review of the scripts that were read by Mr. Jennings and by Mr. MacArthur, who was our former chief news editor, they found that some of the scripts at least, were not what the C.B.C. might ordinarily expect them to be.

From that statement and other evidence of that kind one would gather that the cancellation of this program was just an ordinary matter of program quality. If that were the case the obvious reaction of anyone looking into this matter would have been, "Why not try to make it a better program, get better commentators, try to get better scripts before the next session of parliament, and let this run on for the few days remaining in this session?"

Mr. Nowlan: It shows there was no political influence.

Mr. Pearson: I will come to that matter later. During the recess the whole matter could have been reviewed by management. Obviously that would have been the normal course.

[Mr. Pearson.]

But another reason was given by management as an explanation for the cancellation of this program, namely that you could not expect this kind of program of analysis and comment on parliamentary activities to be satisfactorily done in a period of five minutes, that it was too much to expect of experienced members of the press gallery to do that sort of thing the morning after. It was not fair to them though they are expected to send dispatches and comments to their own newspapers not the morning after but the moment after something happens in the house.

Another reason was given by the management, namely that this program had ceased to be factual, although I always thought it was a program of analysis and comment. In any event, whatever the reason may have been the program was suddenly cancelled on the decision of the acting president of the corporation, who in the midst of his very heavy duties and responsibilities—and they were particularly heavy at that time—became very much concerned with this one program. Those responsible for that program—under, of course, the head—where not consulted about this cancellation. It was sprung on them to their consternation, as they made clear before the committee. Also they made clear that they had received no complaints about it, at least the officer of the corporation directly responsible states that, and that they had no reason to believe it was not satisfactory. Why then this decision?

It seems quite obvious to me that the decision was not merely or perhaps even primarily based on programming considerations. If that were the case, surely those who were responsible for it and who were still being responsible for it and who were producing it would have been consulted before action was taken. We know they were not consulted. So what happened? Let Mr. Jennings, the controller of broadcasting, answer on June 30 as reported at page 552 of the committee proceedings:

On Thursday, June 11, I was instructed by Mr. Bushnell that the program "Preview Commentary" was to terminate as of Friday, the following week, June 19. I was told at that time I would be given an explanation shortly. Later, the explanation was given to me that both the president and acting president would lose their jobs if the program was not terminated and that the position of the minister would be in jeopardy, and that there could be no change in the decision.

In his evidence Mr. Bushnell attempted to throw some light on this matter. He did not exactly come to the same conclusion, of course—as we know—that Mr. Jennings had come to. But Mr. Bushnell had this to say and I quote from pages 561 and 562 of the proceedings of June 30:

Mr. Bushnell: I made the decision because I felt that the program in itself was not as good as it

should be, and I have reason to believe that it was displeasing a great many people; and reports that came back to me through my board and through my association with certain businessmen—if you like—

The "if you like" is Mr. Bushnell's, not mine.

—and certain others, such as school teachers indicated to me clearly that his program was not achieving what I thought it had been created to achieve.

A little later that day the hon. member for Bonavista-Twillingate asked Mr. Bushnell this question:

Was there any suggestion from him—

That is, the minister.

—or did he convey in any way to you—

That is to Mr. Bushnell.

—the notion or the feeling that this program was displeasing to the government or to anyone in the government?

Mr Bushnell: He conveyed to me the impression that several programs had displeased a great many people in the government and elsewhere.

Then my hon. friend from Lapointe asked this question:

I would like to ask one more question. Mr. Bushnell has just told Mr. Pickersgill that in the discussion between himself and Mr. Nowlan that the latter conveyed to him the impression that many programs were displeasing to a great many people. I wonder if that precise program, "Preview Commentary", had been mentioned during that discussion?

Mr. Bushnell: I could not truthfully answer that.

Then the hon. member for Port Arthur said:

Mr. Walker—

Mr. Walker was one of the officers in charge, the immediate superior to Mr. Peers.

Mr. Nowlan: The director in Toronto.

Mr. Pearson: Yes; Mr. Peers was the producer of the program.

Mr. Walker reported on a telephone conversation that went from the Celebrity Club—

That is a club in Toronto.

—in which you—

That is Mr. Bushnell.

—spoke to Mr. Ouimet.

The president.

Is it true that in that telephone conversation as reported in substance by Mr. Walker that you told Mr. Ouimet that if the program did not go, your job and his job were in jeopardy?

Mr. Bushnell: Inasmuch as there were two witnesses there, Mr. Jennings and Mr. Walker, I do not think I could categorically deny that.

Perhaps in fairness to Mr. Bushnell I should read the next sentence:

But what I did say, or what I was trying to get at, was this: That if, generally speaking, something was not done to correct some of the errors of our ways, that could be a possibility.

In the face of this—and I could quote, of course, other portions of the evidence—the parliamentary committee said in its report that there was no evidence of any political influence in this matter. The committee, of course, did not complete its examination of this matter. There were certain witnesses who in my view should have been called before the committee to make that examination complete, but that was not done. The reason given to us was that there was no time to hear other witnesses, whose evidence I suggest would have been very important to clear up some of these loose ends. In its report the committee talks about limited time, shortage of time, as a reason for not going more completely into this and perhaps certain other matters.

On that point the Toronto *Globe and Mail* of this morning, July 18, in an editorial entitled "Only Half the Job", has this to say:

If nothing else, the sorry spectacle—

That is a reference by the *Globe and Mail* to the report of the committee and the hasty manner in which the *Globe and Mail* says it was produced.

—should be an object lesson for the government to get its committees appointed and functioning right at the start of the session. There is no need for this undue haste; it can be quite damaging, in fact, as the C.B.C. report has shown. This subject in particular is far too important to be treated so hastily.

The minister will remember that last session when we were discussing this bill we urged that before it was passed it should be sent to a committee at that time to be discussed, and the minister said this could not be done because we were then also in the last days of the session, but that a committee would be set up in the very early days of the next session to go into this matter. "The early days of the next session", which I think began on January 15, did not begin for the purpose of this committee until April 29.

Therefore it is quite true, perhaps, that the committee did not have the time which was necessary for this very important purpose. Because of that—and certainly the government must take responsibility—and perhaps for other reasons, the committee, as far as I can gather from reading its hearings and its report, did not make the effort it should have made to examine in a comprehensive way broadcasting policy as a whole or the new act itself, and how that act should operate. There was certainly an examination at that time, I gather quite a heated examination, of particular programs, and many views were aired about many programs and performances. But that fundamental examination of the new Broadcasting Act and broadcasting

policy, and the purpose of such policy, which we were told last session would be carried on by this committee, does not in my view appear to have taken place.

At the moment, as I think the minister pointed out in the remarks he made at the beginning of this discussion, the Canadian Broadcasting Corporation is the centre of attack from various quarters. I admit at once that in my view the corporation has given some ammunition to its attackers, some of whom certainly wish to destroy it and to put radio and television stations under private ownership in this country. At the same time, there seems to be developing a sudden emphasis in this country on the virtues of private broadcasting, so I ask myself, is there a concerted effort under way now to weaken and eventually destroy a publicly owned and publicly operated national broadcasting corporation? Is all this concerted criticism and attack preparatory to the strengthening and enlarging of the private sector in that national system at the expense of the C.B.C.? Is it preparatory to the granting of rare and valuable public assets in second television licences in metropolitan centres? And is this to be done before the board of broadcast governors has laid down conditions and standards of performance? Perhaps the minister will reassure us on that.

Mr. Nowlan: I can say "No" right now.

Mr. Pearson: I am glad to hear that.

Mr. Nowlan: That is why the decision has been delayed.

Mr. Pearson: I am very glad to hear that. Nevertheless it will be very interesting to see after these regulations are issued who gets these licences. Who are to be the favoured recipients of the potentially most profitable public franchises, perhaps, since the days, shall I say, of the East India Company? When the grants are made and the licences are given, the country will scrutinize most carefully both the people to whom this gold mine has been granted and the terms of public service which will be expected of them.

Let no one have any doubt about the importance of this impending action. Broadcasting, especially television broadcasting, must mean a Canadian system to reach the maximum number of Canadians with Canadian programs of entertainment and enlightenment, and the report of the committee emphasizes that.

There should be an expansion of the activities and services of the C.B.C. into certain areas where those services are not satisfactory or are non-exstent at the present time. That is a very expensive operation, and will perhaps become more expensive as the C.B.C. moves further afield for that purpose. It is bound to be expensive with our scattered population and great distances. Is that a service to be left to the C.B.C., with the few available remaining television channels in the large metropolitan centres left to become lush opportunities for a few favoured individuals with enormous potential for private profit, and incidentally providing a great potential danger to the publicly owned system and its increasing cost to the public treasury?

I am sure the minister must be aware of this danger. If the C.B.C. is to do the job the report says it should do in the public interest, and if it is to do the job that private enterprise will not take on while being given the lucrative franchises, then there is not only a danger of exorbitant profit from some of these franchises but there is a danger of the C.B.C. being unable to do the job it should do in the public interest except at even greater expense, perhaps, than is the case now.

There are only a few remaining television channels available for licensing and they are, as I have said, rare and valuable public assets. I suggest to the minister that if and when they are granted they should be given to those with a well established sense of public responsibility, on terms that will clearly assure that abnormally large private profits will not be made, and that the maximum amount of public service will be provided from their use. On no other basis, surely, can they be made acceptable. Let anyone who receives this public trust know now that he will be required to account to the Canadian people and the Canadian parliament as the representatives of the Canadian people for his stewardship, that his operations and profits will be fully examined, and that there will be no hesitation in revoking a licence improperly granted or badly used.

I do not quarrel for one moment with the idea of the closest possible scrutiny of the affairs of the C.B.C. I am sure that must be done with respect to the C.B.C. If it is not done there will be extravagance, undoubtedly. Once the C.B.C. is given some kind of basic financial security perhaps that will necessitate an even stricter examination into its financial and administrative arrangements. But let the same kind of public examination be devoted to the private sector of the C.B.C. which otherwise might be able to exploit its franchises in a way which would not be consistent with the public interest.

Certainly the views of our party on this matter are well known, but I should like to put them briefly on the record once more.

(1) We regard the C.B.C. as an essential and vital element in our attempt to create a united Canadian nation with a distinct national identity and culture.

(2) We recognize and accept the existence of private radio and television stations, but only as integral parts of a single national broadcasting system, subject to controls and standards of performance designed to provide maximum service to the Canadian people. These private stations must not become a happy hunting ground for a favoured few who have received rare public assets in order to create large private profits.

(3) We have every desire and intention that the C.B.C. should be required to operate efficiently and without waste of public moneys, and within a budget that will be fixed for longer than a year. But, subject to this, we believe that we should be prepared to pay nationally for the national service we wish to have and the national values we are seeking to maintain and strengthen.

(4) We believe that the C.B.C. should be an independent agency, subject only to broad policy controls by parliament, free from political intervention by anyone and free also from stultifying and picayune interference with the details of its day to day programming operations. We believe its management must be free enough and strong enough to reject political interference with its programming, especially with its talks and public opinion programs, for whatever quarter it might come.

(5) We believe that such an independent agency, sufficiently but not extravagantly financed and efficiently but not extravagantly operated, can be a major contributor to the development of a distinctive Canadian culture and to our growing sense of national identity.

I know the minister will agree wholeheartedly with me in that stated purpose of the national broadcasting system. We believe that such a system can help tie together the many scattered elements of Canada into a national unity. It can interpret the skills and aspirations and even the dreams of one part of Canada to other, distant parts. I think the C.B.C. is making a magnificient contribution to that end at the present time.

We also believe that this kind of national system can encourage musicians and artists and thinkers and entertainers and athletes to develop their varied talents and remain here in Canada for our entertainment and enlightenment. It can do much to build a Canadian culture—using that much misunderstood word in its widest and most imaginative sense—and to resist undesirable United States cultural influences which flow across our air waves, pervade our movie houses, and are to be found in books and magazines.

I do not want to be misunderstood in this. In this United States cultural impact there is much which may be and indeed is of very great value and adds richness to our Canadian life and from which we can and do benefit. But we must also have in Canada thoughts and ideas and music and entertainment of our own. Without this—and we cannot have it without a public broadcasting agency maintained at considerable public cost—we cannot have a Canadian nation at all.

Because it has a direct bearing on this point and is very well put, perhaps I should conclude by reading a few lines from an editorial in *Maclean's* magazine of July 18. After mentioning the differences, difficulties, controversies and anxieties created in recent months about broadcasting, the editorial states:

> All this points to one of two conclusions:
>
> On the one hand the C.B.C. management may be giving way to pressures that stronger men would ignore—which would be a grave fault in C.B.C. management.
>
> On the other hand political pressures and even pressures from its own employees may be vastly greater than they used to be, too great for men of ordinary strength to resist—which would be a grave reproach to the politicians now in office.
>
> It is extremely important for Canadians to know which, if either, of these conclusions is correct. For no matter who runs the national broadcasting system, Canada still needs one as much as ever—a system that will be not only genuinely Canadian but also genuinely free.

I state that if it is not genuinely free it will not be genuinely Canadian.

Mr. Fisher: Mr. Chairman, the idea of a nation is a fragile one. It seems to me it has its origin not in forms, legal or otherwise, but in the consciousness of the people. Forms are the clothing of the nation, but the essence of nationality is psychological. It consists in a miraculous psychological transference from the circumscribed conception of family and locality, of deep affection for kitchen and home—the village pump, if you will—to the individual's identification of himself with the whole community.

This immense psychological link would be impossible if the conception of our national entity remained an abstract one. I know it is nurtured by symbols, but also by the continuing assurance of our separateness, our uniqueness. This is the vital and binding function of the Canadian Broadcasting Corporation, to translate the abstract conception of nationhood into something that can be seen, heard, felt and understood. No organization has done more to achieve this high purpose.

An idea like distinctive nationality is not worth 5 cents on the dollar in the market place. You place the C.B.C. at the mercy of hucksters, of deodorant and detergent peddlers, and you wave goodbye to it as a buttress to national identity. If Sir John A. had been prepared to sacrifice the principle of national integrity to the claims of private enterprise there never would have been a C.P.R., nor would there have been that complex of Canadian private business which has managed to shelter itself within the national economic framework that Macdonald built. The vision of the entrepreneur, and of the petty and interested men who are prepared to help him, is limited to the area enclosed by the four corners of the dollar.

It is galling to me, and especially to someone interested in history, that the inheritors of the great Tory tradition of Macdonald have failed so dismally to learn the lesson he taught; that nationality for Canadians is something that must be paid for.

The committee's evidence dealing with the C.B.C. this year, Mr. Chairman, is over 700 pages in length. There were over 30 sittings. There was an agenda with dozens and dozens of points. How much time did the committee have to prepare the report? Over the week end. The draft report was prepared on Monday. A whole melange of ideas was chopped and meshed together, given a certain amount of coherence, a certain amount of balance, and then was put to the full committee in camera the next day. The committee spent somewhere between 2½ hours and 3½ hours sifting that particular melange of ideas into a rather stupid report which was presented to this house.

There were three great diversions at the sittings of this committee. I would like to just touch on them in the order of their appearance. The first diversion to me was the rather vicious destructiveness of those "men of the people" and of Maurice Duplessis who came into the committee and at almost every sitting identified themselves with the people and proceeded to present a form of questioning which indicated that they would like to have some kind of program control, or some kind of control over the appointments, almost a censorship, on one side of our national television and radio.

The second diversion of the committee meetings was the two sessions with the board of broadcast governors and with its head, Dr. Stewart. I say "diversion" because they took us to quite an extent out of the C.B.C. line, and I want to comment later on what we did find out, though it was not complete, about the board of broadcast governors.

[Mr. Fisher.]

The third diversion of the committee was the storm over the charge of clandestine political influence.

In so far as the first diversion is concerned, "les petits Canadiens", the chairman and the committee as a whole I think were rather leery, but they did make a final concession to them, one which certainly disgusted me, and that was the rather measly decision to delete any affirmation of the principles of the C.B.C. that might tie in historically with the fact that we had a Fowler commission and a Massey commission and other reports which were intimately connected with the committees of this house which were denied because, Mr. Chairman, "les petits Canadiens" did not care for them.

In so far as the board of broadcast governors is concerned, the evidence is not complete but there certainly was to me the suggestion that the board of broadcast governors is taking a fairly narrow, cautious way in working up and working out its functions and positions. There seems to be no real rapport yet with either the C.B.C. or with the private stations. So far the board of broadcast governors seems to be a body somewhat detached from the reality of a national, vital means of communication, and certainly so far there seems to be some confusion as to its functions.

So far as the charge of political interference is concerned, your committee investigated the charge that clandestine political influence was responsible for the cancellation of the program "Preview Commentary" and found no evidence to support the charge. Why? Why did they find no evidence? Because Mr. Bushnell denied the purport of what a number of people close to him said he said. Why? Because the Minister of National Revenue felt that he had no accurate recollection of any remarks he may have made about this program, "Preview Commentary".

In the unseemly rush past Mr. Bushnell's most peculiar and paradoxical evidence, we still have no explanation of the odd Celebrity Club phone call; the odd decision of the board of directors to support the management decision to use the axe, then the reversal of that decision. We also have the refusal of the committee majority to go further into these odd aspects.

What did the minister tell us? What stands out is that he dislikes this part of his job. Some commentary that is of the legislative aborting of last session that we produced on broadcasting. He wants out of the responsibility. This is what he said:

I told him—

That is Mr. Bushnell.

—I was going to try to get the Prime Minister to appoint someone else because I was sick and tired of these criticisms coming in from all over the country, from members of parliament, from my colleagues and from the public generally.

Mr. Nowlan: And from the C.C.F.

Mr. Fisher: I continue:

I said that life was too short to be bothered with this thing and that I was going to get out of it.

Later, at page 604, we find the following:

Mr. Nowlan: I may have mentioned, and I undoubtedly have, many programs, sometimes commending him and sometimes criticizing him. I may have given my own personal opinion, and may have said: my colleagues are sore about this or irritated about that, or did appreciate that, or something of that kind. I have no power with the C.B.C. I am in the unfortunate position of receiving a lot of blame and having no responsibility for anything.

So those broad shoulders over there are just not broad enough, Mr. Chairman. What a commentary on the legislation; what an indication that we need the relationship of the C.B.C. to the government put in the way recommended by the Fowler commission; that is, from the C.B.C. to the B.B.G. and then the relationship to the government. Did the committee consider this evidence important, this evidence of the minister? Not at all. Let us tinker with the idea of a chairman distinct from the president. Perhaps that is a good suggestion but it is an evasion of the underlined fact that one of the grievous faults with the C.B.C. is its relationship with a minister who cannot take the C.B.C. in its relationship to him.

So far as political interference is concerned, the minister did give program criticism to Mr. Bushnell; he did mention that it came from his colleagues. Mr. Bushnell either did take this or some more mysterious information seriously enough that he jettisoned a fairly innocuous program without bothering to give those below him anything more than the compelling explanation "heads will roll". So this relatively innocuous program lasting three minutes and 11 seconds five days a week was axed, this nice little pin-money show for the boys in the gallery. We still do not know any more about the reasons for its going than that it was a mysterious aberration of Mr. Bushnell. We are afraid the committee's words that there was no evidence to support the charge has real substance. We are sure that the government members on the committee were none too anxious to search hard, Mr. Chairman. There may not now be anything rotten in Denmark, but there was something rotten in Denmark.

In so far as the C.B.C. budget is concerned, there are a number of ways in which the finances of the C.B.C. could be set up. One of the means we are using at the present time is a parliamentary appropriation. There is the possibility of a special tax—we have had that in the past—to support the C.B.C. There was the old possibility, used in the past, of licence fees supporting the C.B.C. We could have a parliamentary appropriation tied to a formula. It could be tied to the number of sets at so much a set; it could be a fixed percentage of the gross national product that would allow for changes and adjustments in the economy. It could be a fixed ratio to the population or to the population growth.

On this question of a formula or means of getting money for the C.B.C. we have an area where members of parliament do not need evidence so much as their own common sense and instinct as to what their electors and constituents would appreciate, what they themselves would think it is worth. Did we get anything constructive from this committee on that? No; we merely got the recommendation of some formula by which limits may be set on the annual contribution of the federal government to the corporation, plus this very peculiar addenda that increasing effort should be made to ensure the emergence of vigorous commercial policies.

What encouragement to a public corporation. Did socialists recommend this? No, sir; these were private enterprisers recommending that there should be increased effort to ensure the emergence of vigorous commercial policies on the part of a public corporation. This committee would not suggest a formula or possible formulae in an area where the situation was and is most grave, that having to do with the financial needs of the corporation.

But on sponsorship, that obsession of the hon. member for Calgary South, we got quite substantial recommendations. It is said to the C.B.C., "Be vigorous. Ease the taxpayer and belt that other face of the taxpayer, the consumer face, through more bites of the advertising dollar. Rob Paul to pay Paul". It is not the C.B.C.'s function to turn a profit. Where this can be done without impairing the C.B.C.'s prime function as a national service and without diminishing the standard of programming there can be no objection, but it is not the end goal of the C.B.C. to turn a profit. This is precisely the weakness in the proposition that the C.B.C. should cede production rights in sponsored shows. United States experience has shown that this leads to sponsor control of program content.

On that point I should like to recommend to all members, and especially the Conservative members, a speech by Edward R.

Murrow delivered to the radio and television news directors' association last year. It is found in the November 13, 1958 issue of *The Reporter*. I am sure all hon. members realize that Mr. Murrow has been a prominent figure in United States television. He had this to say:

> I am entirely persuaded that the American public is more reasonable, restrained, and more mature than most of our industry's program planners believe. Their fear of controversy is not warranted by the evidence. I have reason to know, as do many of you, that when the evidence on a controversial subject is fairly and calmly presented, the public recognizes it for what it is—an effort to illuminate rather than to agitate.

He goes on to say:

> The oldest excuse of the networks for their timidity is their youth. Their spokesmen say: "We are young; we have not developed the traditions nor acquired the experience of the older media." If they but knew it, they are building those traditions, creating those precedents every day. Each time they yield to a voice from Washington or any political pressure, each time they eliminate something that might offend some section of the community, they are creating their own body of precedent and tradition. They are, in fact, not content to be "half safe."

Later on Mr. Murrow makes this statement:

> It may be that the present system, with no modifications and no experiments, can survive. Perhaps the money-making machine has some kind of built-in perpetual motion, but I do not think so. . . . Our mass media reflect this. But unless we get up off our fat surpluses and recognize that television in the main is being used to distract, delude, amuse, and insulate us, then television and those who finance it, those who look at it and those who work at it, may see a totally different picture too late.

This is a commentary by a very intelligent man, Mr. Chairman, on the very thing that some members of the house and of the special committee seem to want to drive us toward. The United States system is not working out so well in this field that we can take the private entrepreneurs or private systems there as any great models for programming or sponsorship. It should be the business of the government to ensure that the C.B.C. needs as little sponsorship as possible. Can the C.B.C. be blamed when private corporations quite naturally take advantage of the weak financial position of the corporation? Is it likely that private corporations will be shamed into paying higher amounts merely as a result of the publication of program accounts? I think the answers to these questions are no.

The only way to rescue the C.B.C. is not through facile lip service to practicable formulae, which is sheer escapism, but by improving the bargaining position of the C.B.C. in a ruthless and predatory market by establishing it on the sound financial basis that any great public service requires. I should like to ask those hon. members who are so antagonistic to the C.B.C. this question. Does the government subsidize the Department of External Affairs? In essence they are carrying out the same function.

The most disturbing element in what is going on in the country with respect to C.B.C. criticism is that there is a temptation for any one of us to climb on this band wagon. I say there is a temptation for any of us. There is a temptation to many of the people in my constituency who do not think of this greater entity and the need to preserve its uniqueness. In their desire to have wrestling three or four nights a week or to have canned westerns they are willing to go along. But I suggest that we have always to look at this national need for the C.B.C., and we have to consider the nature of the criticism of the C.B.C. that appears in public media.

I happen to follow the fortunes of the Thomson newspapers very closely. There are over 24 outlets in Canada that week after week pour out a daily dose of poison against the C.B.C. Mr. Thomson, whose progress in Britain I am sure will some day be rewarded by his becoming Lord Thomson of South Porcupine, started in the private broadcasting business and made a great success. There is nothing against that at all, but he has gone on to build an empire of newspapers, radio and television interests that surely makes him or his newspapers less than fair commentators on the position of the C.B.C.

One can say the same thing about the Sifton interests. Those of us who follow what the Siftons and Mr. Bell are doing could become very worried about the situation in Regina or the situation in Winnipeg, where we may be moving toward a private monopoly in newspapers, radio and television. I should like to remind hon. members and the people of the country, if they do happen to listen, that much of the criticism of the C.B.C. in the newspaper medium is of the orientation of the Thomson and Sifton interests, which are about as interested in Canadian nationalism as—well, I don't know what to say to convey their self-interest. Certainly they are much more interested in their connections with their newspapers and their television and radio stations.

On the question of the board of broadcast governors, the legislation produced last year has been most disappointing. To me the evidence given by Dr. Stewart before the committee was most disappointing. He had to be prodded into saying that the board of broadcast governors was anything more than a passive instrument that just waited. From the minister's statement last year we had

hopes that the board of broadcast governors would really enunciate a national policy, that it would be the body that would determine the carrying out of this marriage between the C.B.C. and the private stations in one national system, that it would determine how this was going to come about. But we have not much promise in the indications that we get.

Admittedly it was incomplete, but I suggest that in the interval from when this session ends until the next one opens the minister, if he has any influence or any interest left, should try to encourage the board of broadcast governors to give the leadership that it seems hesitant about giving now so far as a national policy is concerned.

Are we going to go on, Mr. Chairman?

Mr. Chevrier: Yes.

Mr. Pickersgill: Go ahead.

Mr. Fisher: I assume we are going through the lunch hour. The final point in a general way that I should like to make relates to the Prime Minister and the members of the government, I mean members of the government as a whole. I have to be fair to a number of Conservative members with whom I worked on the committee and say I think they have caught that kind of vision the Prime Minister has presented to this country, a vision of Canadianism. However, I am very much afraid that many members in that government group have not caught its meaning.

We have a Prime Minister who makes a point of Canadianism, who makes a point about the commonwealth and its importance. In essence, in two elections he fought campaigns that were based, at least partly, on the statement that we will take a firm stand with the United States. It is no good, in so far as the C.B.C. is concerned, taking a firm stand with the United States in an official way because the need is still there, more than ever before, to see how the C.B.C. fits in with the private stations to stem that influence from the south. The need is perhaps greater than it has been in the past; the need is not less.

The Leader of the Opposition made the point that the Liberal party still stood for the C.B.C. fitting into a system with the private stations, essentially as a national policy. He made the point that the C.B.C. must be efficient, even though it cannot pay its way. He made the point that the board of broadcast governors and the C.B.C. should work within a particular national policy. Well, on every one of those points I think we agree. I do not know how many members of the government agree with this. The Leader of the Opposition made a point about these lucrative plums that are going to be handed out, and how we are all going to be watching whether some of the so-called pals of the government get these plums.

He also made a point in connection with the C.B.C.'s position which he said may be in jeopardy because of the impact of this competition. Well, I believe that is the kind of chore the board of broadcast governors should be carrying out now, examining this sort of problem and planning to give leadership. I can see that in the rich television markets alone which we have concentrated in about four places in Canada we are not going to get the national service that any contribution from those market areas in terms of advertising revenues would warrant.

One of the ironies we always forget in talking about the competitive nature of private stations, that they will get in there and fight, is that there was never a case of which I know in the history of all the applications made to the C.B.C. in the past when it was the regulatory agency where, if there was one private station in an area and some other group wanted to put in another private station, there was a welcome mat put out. This is how free and enterprising these private enterprises are. They never put the welcome mat out. They fought over the application that was made. These are the ones who have been talking about the C.B.C. monopoly and its dangers, but when it comes down to the point of really believing in the principle they merely yap about it. Now they want protection for their monopoly, right down the line.

Some hon. members will say that is the nature of the market. Sure it is, but then don't yap. We have had this history of yapping against the C.B.C. on this point, and this will be a key point in the future. We have a private television station in Port Arthur, and there are a number of them across the country linked with the C.B.C. network, doing a fair to middling job, sometimes a good job. I want to say that if we are going to turn the C.B.C. open to competition, I hope the C.B.C. will take a good, long look at the prospect of firing a few more of their projected television stations into these little empires. Then will we ever hear the yapping.

The whole situation with respect to the C.B.C. may well be determined in the next six or eight months by the kind of mood and attitude that develops daily and is given enunciation by this government. I have so much respect for the minister, both in personal terms and the kind of character he has, that I am still hoping, despite his desire

as given in evidence to get out of this chore, to get away from it and give it to somebody else, that he will stay and try to get the C.B.C. back on the road it should be following.

Those who may think they are little Canadians, who think you are going to solve everything by turning it over to the private broadcasters, should look at the evidence given before the royal commissions, should look at the evidence given before house committees, and they will see what kind of service the private broadcasters will give us. There is no doubt, and I think any fair-minded Canadian would admit it, of the need for the C.B.C. If it has had a time of trouble, some of the responsibility rests upon the legislation which was introduced last year by this government.

We would welcome nothing more than a statement, not from the minister but from the Prime Minister himself, on what he believes and thinks about the C.B.C. and its position in the future. I think that would do more to handle what concerns me most within the framework of this house, that is the niggling, nasty desire amongst some Conservative members to junk the C.B.C. I believe there is a great need for the Prime Minister to lay it on the line so that all the members of his party will realize that junking the C.B.C. is not Conservative policy.

(Translation):

Mr. Tremblay: Mr. Chairman, while we were discussing the business of the C.B.C., I wanted, to express some of my views in order to rectify a few wrong impressions and throw some light upon the principles which, to my mind, should guide that corporation.

I am sorry that the impending conclusion of this session will stop us from dealing at length with the extremely important question of the C.B.C.

I would, as I said before, rectify some wrong impressions resulting from speeches we have heard. As far as I am concerned, I maintain that I never had, and that I have not today any intention of destroying the C.B.C. or of minimizing in any way the prestige acquired by that corporation. I had the opportunity, on some other occasion in this house, to praise the C.B.C. and to mention its excellent achievements. I thought, Mr. Chairman, that this would not deprive me of the right to criticize and to suggest possible improvements in some of the less creditable work of the C.B.C.

[Mr. Fisher.]

During the investigation by the parliamentary committee on radio and television, which I attended as frequently as possible, I tried in every way to obtain information which would help me evaluate properly the former achievements of the C.B.C. and its policy with regard to the future. I had an opportunity during that investigation to express my lack of satisfaction and, in some ways, my discontent, with regard to answers that had been given to me by those responsible for the C.B.C. If I expressed that discontent and that lack of satisfaction, Mr. Chairman, I did not do so in order to minimize the significance of the corporation and to weaken its prestige, but because I thought that my sense of responsibility and the sense of responsibility of the representatives of the people imposed the duty upon us—and a very serious duty at that—of enquiring about everything which goes on in the C.B.C. We should do so, first of all in order to dispel certain misunderstandings, and also to answer the numerous representations received from the taxpayers in the past, and which are still coming in today.

Before the session comes to an end, I did not want to leave hon. members of this house or members of the press gallery under the wrong impression, which the hon. member for Port Arthur (Mr. Fisher) tried to create, as did, up to a certain point, the Leader of the Opposition (Mr. Pearson).

I had prepared some notes of a very moderate character. I tried to apply to my remarks in this house a proper sense of measure. But I feel that, in view of the attacks directed against us, we could not very well limit ourselves to general remarks, but should rather refute, to a certain extent, the false statements made a few moments ago.

Mr. Chairman, at no time during the investigation did the committee, or representatives of the province of Quebec, try to advance a political cause. They simply tried to reply to the public's request that full light be thrown on the C.B.C. operations, not because the people, as a whole, thought there were scandals in the C.B.C., but because they thought that the situation in that state organization was sufficiently serious to warrant an investigation.

It is in that spirit that we undertook to work in the parliamentary committee on radio and television. We never tried, in any way—and I challenge anyone to say the contrary—

we never tried, as I say, to advance political views. We strictly adhered to facts, and public facts. And in that connection, I believe it is proper to recall here an incident which occurred during the investigation.

The committee had decided, from the start, not to make any personalities. For my part, I was never opposed to such a procedure in the committee; I do think, however, that such a procedure could not prevent us from referring to responsible persons and mentioning public facts involving the C.B.C. administration in any one of its sectors.

Well, Mr. Chairman, I believe that the attitude of Quebec members, during the investigation of the parliamentary committee on radio and television, was one of responsible representatives of the people who, considering the amounts of money engulfed into the C.B.C., are strictly and conscientiously entitled to wonder what the C.B.C. is doing with that money, and I repeat, not with a view to uncovering scandals nor to insinuate that there were misappropriations, but simply in view of establishing that the money entrusted to the people responsible for the C.B.C. is well administered and yields the returns which can be normally expected.

Mr. Chairman, I must say, as I have repeated time and again during the proceedings of the parliamentary committee on radio and television, that I was not satisfied with the replies we were given, because I found them evasive, and I found also that the points we raised were not answered properly.

Mr. Chairman, before going into my remarks to the house, I wanted to make that point, so that there will be no mistake about the attitude of Quebec members who sat on the committee on broadcasting.

I also expressed the view that we should divide the parliamentary committee on broadcasting into two sections, so as to give separate consideration to the problems of both networks, the French and the English, which really have different problems and should be dealt with differently. Such a division was rejected for reasons of procedure, but I think it is too bad, because in view of the tremendous task facing us, we were unable to do a thorough enough job of getting at the information we needed.

Mr. Chairman, I was saying a moment ago that we tried to live up to our true responsibilities. I base this statement on the principles of responsible government. Every year, we are asked to vote money to the C.B.C. This money is provided not by the members of the house, not by members of the C.B.C., but by the people generally. It is supplied by the hon. members, by officials of the C.B.C. and by each and every taxpayer. So we have a legitimate right, Mr. Chairman, to inquire whether this money is being properly used.

We tried to find out how the C.B.C. is managed financially. Other hon. members who are better qualified than I am to deal with the technical aspect of such problems, will discuss that point. The report submitted by the parliamentary committee on broadcasting contains a number of recommendations on this score.

I shall not go into that, however, because it would take too much time, and besides, it is beyond the scope of my humble qualifications. However, Mr. Chairman, I would point out, as I pointed out during the proceedings, that the C.B.C. should not be regarded as just another crown corporation.

The C.B.C. has nothing in common with an administration such as the C.N.R., because the C.B.C. does not deal merely in material things, but must take into account a moral and intellectual content. People with different outlooks take a different stand on this matter. If you restrict the committee's responsibility merely to the financial aspect of the C.B.C., where problems are translated into figures and accounting formulas, the parliamentary committee's discussion should have been restricted to administrative problems, inasmuch as they have budgetary implications.

But if, on the contrary, it is realized that the C.B.C. is not a crown corporation like others, and that it does not deal only with material matters, but that it involves, as I said earlier, a vast and important moral and intellectual content, it cannot be dealt with like a strictly financial organization. Thus, the parliamentary committee which deals with the C.B.C. is entitled—and this without interfering in internal affairs of the corporation—to try to establish a relationship between the cost of the C.B.C. to the taxpayers and what the corporation offers them.

It is in that light that I have tried to contain my remarks, and it is for that reason that, during the inquiry, I have tried to get information on the general policy of the C.B.C., especially in the matter of programming.

Today, Mr. Chairman, right or wrong the C.B.C.'s business is not only informatory but cultural and even goes as far as being educational.

I therefore have the right, as a representative of the people, to ask who are those responsible for educational activities at the C.B.C. today. When, right or wrong, it seeks as I say, to educate the people, I am entitled to wonder what their principles are, their moral standards, and their line of thought in general. I have a right to ask whether those people may, by all sorts of means, reasonably appeal to the judgment of the people with regard to politics, by setting up at the taxpayer's expense political hustings persistently aiming at the destruction of governments. I have a right to know—and I am speaking for myself as a taxpayer—whether those people would necessarily be accepted in our educational institutions. I have a right to ask whether they are qualified to look after popular education, and even education period.

That is the spirit in which I asked my questions at the meetings of the committee on broadcasting. But I wanted to know exactly what future part the C.B.C. would play in the field of public education.

I tried to obtain some information in order clearly to establish what were the intellectual and moral standards of those responsible for the educational aspect of the C.B.C. I was told that the corporation tried to present programs that were morally sound. Isn't that just wonderful, Mr. Chairman? Can it do other than strive to present morally sound programs?

I am saying that, Mr. Chairman, without in any way trying to minimize the significance of the beautiful and valuable programs put on by the C.B.C. What I am saying is that there is, at the C.B.C., an atmosphere—I am more particularly speaking now of the French network—an atmosphere of amorality. During the survey, something was said about immoral shows. For my part, I believe that the C.B.C. has enough decency not to present any shows that are immoral. But I think that there is at the C.B.C., please note that I am indicting nobody whatsoever, but I wonder whether people responsible for those programs are acting deliberately—a certain lack of moral sense, precisely because there is no moral reference which might be a guide with regard to some of the programs.

[Mr. Tremblay.]

I also maintain, Mr. Chairman, that all those who want to call Quebec educational institutions into account are not enough concerned about the national character of C.B.C. programs. There, we have a national institution which has first of all to convey national culture, besides supervising with the greatest care everything coming from outside this country.

The aim would not be to prohibit an access to universal culture to our people, Mr. Chairman, but it must be considered that the public at whom the C.B.C. programs are aimed is not always a discerning one, and is often unable to distinguish what really pertains to Canadian tradition, and what belongs to other cultural expressions.

Mr. Chairman, those issues of a moral and educational character are of capital importance, and hon. members of this house, and particularly members of the parliamentary committee on broadcasting, have no right to feel unconcerned in that respect.

During the convention on radio and television broadcasting, which took place a few day ago in Montreal, His Eminence Cardinal Leger stated the following:

> The convention, he said, does not propose to condemn anything. Rather, it tends to express the views of the people. Radio and television are exerting some influence in every home and the church is therefore interested in those means of expression which, today, have become almost indispensable. Everyone has certainly the right to say what he thinks with regard to those programs.

Mr. Chairman, it is not exerting any political pressure to express one's opinions on C.B.C. programs And I do not think there has ever been a better court in this respect than the committee on broadcasting for finding out about the spirit of a corporation, the responsible executives of which are often not close enough to the people for whom the programs are meant. It would be difficult to know the views of the man in the street, if those who represent the corporation are not in close enough contact with him. Yet, they should take their inspiration from the people for programs pertaining to Canadian culture with French and Christian cultural backgrounds.

There has been talk of political interference, there have ben persistent suggestions of political interference, in an attempt to give the impression that only Conservative members from the province of Quebec were trying to interfere politically.

Mr. Chairman, there are citizens who complain about C.B.C. news commentaries because they feel those commentaries are controlled and that news commentary programs are monopolized by people representing a particular form and school of thought.

I have no objection, Mr. Chairman, to each citizen expressing his views. I have no objection to organized groups being given a chance to express themselves. What I do oppose is that to news commentaries be always entrusted to the same representatives, the same groups of thought.

To any who would charge political interference in C.B.C. news services, I can read a document proving that political interference does not necessarily come from the quarters they think. I have here a C.B.C. document bearing the signature of Mr. Marcel Ouimet. It is addressed to the news editors in Toronto, to the regional director and to several other directors of the French network. The document, dated July 6, 1959 comes from Ottawa, and reads as follows:

> What strikes me is that, as a result of certain circumstances, we seem to be giving special emphasis to statements by ministers of the provincial government. For instance, I do not believe we were justified, last May 24, to give ten minutes of "Camera 59" to extracts from the speech of premier Duplessis at the convention of electricians in Three Rivers.

Those who were attacked by the provincial leader that day did not have, so far as I know, an equal opportunity to defend themselves.

The same could be said of the speech made by Mr. Sauve a few weeks ago in Montreal.

Mr. Chairman, I have no objection to efforts being made to reach what they call, in the C.B.C., a balance of opinions, but I do not believe that a C.B.C. news official should not have the right to object to opinions being expressed during the news by a man who, after all, is the premier of the provincial state.

I should like to refer also, Mr. Chairman, to a document which will be appended in the latest record of the committee on broadcasting, a letter from a parliamentary correspondent of *Le Droit,* Mr. Chaloult, stating that he had to refuse C.B.C. programs, that he had to refuse to make comments over the air because he had been asked to make comments favourable to the party then in power. If that is not political interference, Mr. Chairman, we might as well do away with the word, and the concept which remains in the minds of people who have charged the government with being guilty of interference.

Mr. Chairman, I come back to the claim made a moment ago that the actions of Conservative members have jeopardized the C.B.C. I do not believe that public opinion, which expresses itself mainly through its legitimate representatives, could jeopardize a body such as the C.B.C. As I said just now, and I have full confidence in the C.B.C. I do believe that the C.B.C. is able to give us excellent services. But I feel that the danger which now threatens the C.B.C. does not lie in attacks by members of the house or by various citizens, but in the lack of ability which, in my opinion, prevails in several administrative departments of the C.B.C. And please mark my words: I am not condemning the C.B.C. as a whole, because there are, on C.B.C. staff, excellent people, people of genuine ability in their field, but I also believe that, in some particularly strategic departments, some people are incompetent. I do not hesitate to use the word incompetent. It is that incompetence which threatents the C.B.C.

At the conclusion of its proceedings, the parliamentary committee submitted a report. That report, Mr. Chairman, includes excellent recommendations. For my part, I believe that all those recommendations are valid, but I also believe that the report, inasmuch as it recommends structural and organizational reforms within the C.B.C., is perhaps premature. I believe that the investigation we just made, and that the crisis the C.B.C. has gone through these last few months, require that we give increased attention to C.B.C. administration. I believe that it calls, on the part of the people's representatives and on the part of all those who are directly concerned with the C.B.C., for much reflection, and for study of all we have learned in the committee on broadcasting; yes a detailed study of the C.B.C.'s general policy as expressed in the documents submitted to us by the C.B.C. itself during the investigation and which could certainly allow us to introduce recommendations covering the whole activity of the C.B.C., its purposes, objectives, and responsibilities to the public.

For my part, I believe it is imperative to revise very carefully, the C.B.C. plans and objectives, in order to determine exactly what the C.B.C.'s responsibility should be in matters of education. I don't say that it must have that responsibility, but it could have it.

Before proceeding to an overall shake-up of the C.B.C., to drastic structural reforms, I believe we should study all those documents we now have on hand, and that we should also study the recommendations which were made by those citizens gathered in convention in Montreal a few days ago. There is talk of a controlling body, a body which, let's call it by its name, would be a censorship body, and which would be responsible for the supervision of the moral and intellectual aspects of C.B.C. programs.

I repeat, for my part, the suggestion I made last year about the competence of those who are responsible for news and cultural programs in the C.B.C. I suggested then that consideration should be given to organizing competitions, as well as to organizing professional schools which would allow all those interested in radio and T.V. business to acquire a reasonable degree of competence, based on adequate culture.

Finally, before I close my remarks, Mr. Chairman, allow me to emphasize once more that the C.B.C. should give young writers all possible help, and remove all dangers of monopoly, in avoiding the maintenance, for years on end, of the same programs, which is obviously a handicap to young writers and a danger also to writers who, for years, have been favoured by the C.B.C.

I also insist that the C.B.C. give Canadian artists all possible opportunities.

Mr. Chevrier: Mr. Chairman, I have been listening closely and with interest to the speech just made by the hon. member for Roberval (Mr. Tremblay). He started off by saying he would correct some false impressions that may have been left by the Leader of the Opposition (Mr. Pearson) and the hon. member for Port Arthur (Mr. Fisher) who spoke before him.

He said, among other things, that the allegations of these two members were untrue. However, I was here during the speeches of those two hon. members and in my view, they said nothing untrue.

Moreover, if they had said anything untrue, the hon. member for Roberval had a right, under standing orders, to rise and raise an objection, and to call for a withdrawal of the statements made by the hon. members.

Mr. Tremblay: I did not have to rise.

Mr. Chevrier: Mr. Chairman, I am saying that the hon. member was fully entitled, under standing orders, to rise on a point of privilege when he felt he was being personally referred to. However, in his remarks, the hon. member has altogether failed to prove that an hon. member had in any way made untrue allegations about him.

Yet, the hon. member for Port Arthur (Mr. Fisher) indicated, with his slight English accent, that some members who took part in the proceedings of the broadcasting committee were petty Canadians.

Mr. Johnson: Slight accent! He didn't know what he was talking about.

Mr. Chevrier: Mr. Chairman, if the allegations of the hon. member for Port Arthur apply to the hon. member for Roberval, let him accept them. In my view, the speech we have just heard bears the imprint of a petty Canadian. It seems to me that this is not the type of speech that should be made in this house by a broad-minded educator.

Mr. Chairman, I do not want to devote more time to the statements of the hon. member for Roberval, because I have other remarks to make with regard to the matter before the house. However, I shall come back to that later.

Mr. Chairman, I do not propose to repeat what was said by the Leader of the Opposition (Mr. Pearson) concerning the general attitude of the Liberal party with regard to broadcasting in Canada. That policy was established not only by the Leader of the Opposition in this house, but it was set out many times by our party when we sat on the other side of the house. There has been no change in that policy, because we have always favoured protecting this government agency.

However, I wish to recall briefly some statements that were repeated many times by all major groups in the province of Quebec, and particularly at sittings of the Massey and Fowler commissions. Such groups have repeatedly asserted that the C.B.C. was and should remain an essential instrument for the progress and expansion of French Canadian culture, not only within the province of Quebec, but in all parts of Canada where there are important French-speaking groups.

This essential contribution has worked at two separate levels. First, it has enabled our artists and writers to devote themselves

more completely to their art, so much so that one might say the fresh impetus noted in the arts, in literature and music, for several years now, in the province of Quebec was indirectly but most surely brought about, to a large extent, by the C.B.C.

Moreover, the C.B.C., through its programs, many of which are broadcast not only in Quebec but throughout Canada, has enabled many people who otherwise would have been unable to do so, to share in this renewal of culture, and to enjoy themselves while so doing.

Mr. Chairman, in recalling the special contribution of the C.B.C., I know I am expressing the majority opinion of those who, in the province of Quebec, are interested in things of the mind. Who would have thought, two years ago, that today we would be faced with attacks of a scope of which we are perfectly aware, against the C.B.C.

In making these remarks, I would not like to give the impression, however, that everything is perfect in the C.B.C., as far as administration and programming are concerned. In such a complex and difficult field, one must admit it is impossible to please everyone at the same time. It is even possible, as it happened recently, that serious mistakes may be made. It is possible that some programs which gave rise to serious attacks on the part of the great majority of the population of Quebec—I am sure—do appear on television, and it is also normal that the competent authorities should vehemently denounce such errors, as they did recently, in order to avoid their recurrence.

What I do not accept, however, is that such errors should give rise to scandals and protests from people who are now trying to sow public immorality in the province of Quebec by every means at their disposal.

Mr. Johnson: Who are they?

Mr. Chevrier: The fact remains that despite some mistakes, the C.B.C. has done a magnificent job—

Mr. Pigeon: Specify.

Mr. Chevrier: —which should be continued and extended. The C.B.C. is one of our main bulwarks against cultural invasion from the United States. Indeed I did indicate in a number of instances, when sitting on the other side of the house—the Leader of the Opposition mentioned this again this morning—that the C.B.C. is our strongest defence against the invasion of our culture by United States programs. Despite the important contributions of our institutions of learning and other instruments of culture, Canada's cultural future would be gravely jeopardized without the existence and continued progress of the C.B.C.

Therefore, Mr. Chairman, I am convinced that every member in this house, at least those sitting on this side, will bear this testimony to the C.B.C.

Now sir—

Mr. Johnson: What testimony?

(Text):

Mr. Chevrier: Now, sir, to continue to fulfill its vital role and to progress as we think it should, the C.B.C. needs two things. It needs, first of all, money, and it needs independence. Some members of the committee are surprised, and in fact they are even scandalized, at the annual deficits of the C.B.C. I have no doubt—and I am sure the committee is of the same view—that substantial savings could be made by more efficient administration. I want to emphasize, however, that in a country like Canada the C.B.C. would not fulfil its role if it were not incurring substantial deficits. I would go even further and say that I would be against the C.B.C. if it were to become solely a profitable organization, because that would mean that it would not accomplish the purpose for which it was established.

The deficit this year, as the committee knows, is some $51 million. This is, of course, a tremendous amount of money. However, when we look at what we are spending each year to defend our culture and our institutions against possible aggression we should come to the conclusion, it seems to me, sir, that the amounts we devote to our cultural enjoyment and development are very small indeed.

The major threat faced by the C.B.C. at the present time, however, concerns its independence, its freedom from political interference. We are not always conscious of the fact that there are two different aspects to this question and this threat. In the first place there is the manifestation of political interference itself. In the second place, there is the way in which those who are chiefly responsible for C.B.C. management react to that threat.

Political interference is certainly a most undesirable thing. I do not believe there is

anyone in this committee who will gainsay that statement, but it is disastrous when C.B.C. management and those associated with it comply with such interference. There is no more effective method of destroying the C.B.C. than by transforming it into a political instrument of the government, and that is what those of us who sit here, as well as those who sit in the small group at the other end, want to make sure will not occur. That is why the most important responsibility of the C.B.C. is to resist that kind of interference.

I admit that it is not an easy matter. I admit that under the circumstances in which we find ourselves sometimes it is extremely difficult to resist pressure. Parliament, however, and the Canadian people have repeatedly decided that the C.B.C. would not accomplish a useful purpose if it were not free from governmental political interference, clandestine or otherwise.

That freedom, sir, and that independence which are so essential to the cultural welfare of the Canadian people have been entrusted by parliament to the C.B.C., and it is the major responsibility of its officials to preserve and maintain those essential requirements of that public service. The independence of the C.B.C. is as important to our democracy as academic freedom in our universities and other teaching institutions. It is as important for the officials of the C.B.C. to maintain the independence of that institution and to fight for it, if necessary, as it is for university authorities and university professors to preserve academic freedom.

To preserve those great democratic values may require at times, from those who are entrusted with the safeguarding of those values, a tremendous amount of courage and even the sacrifice of their jobs and their careers. However, our democracy expects those sacrifices from them because they have accepted those important responsibilities, and they must now live up to them. That is why all the C.B.C. officials who recently decided to resign over the issue of "Preview Commentary" have won our admiration for the courage they showed on that occasion. As far as we are concerned, here in this house, it is our duty to protect and support those people in the C.B.C. who carry these responsibilities and who resist political interference, even risking their careers to do that which they rightfully feel and believe is their duty.

The safeguarding of the independence of the C.B.C. has not been entrusted only to its management. It is also the duty of the government to respect that freedom, and we have good reason to believe that the government has failed in that duty.

There are still widespread rumours that there was direct interference in connection with the radio program "Preview Commentary". Apparently the real story of this dramatic incident has not yet been told. It is widely reported that the Prime Minister himself advised—I use that word because it was used before—the Minister of National Revenue that his head and that of Mr. Bushnell would roll if that program was not dropped immediately—

Mr. Lambert: That is tommyrot.

Mr. Bell (Carleton): Irresponsible gossip.

An hon. Member: Where is the evidence?

Mr. Pickersgill: We were not allowed to get the evidence.

Mr. Chevrier: —advice which it is reported was communicated to Mr. Bushnell, who informed several C.B.C. officials of it. Well, Mr. Chairman, there has been a great protest from the other side of the house in connection with that statement, and there has been an endeavour in the report of the committee to whitewash that affirmation completely, notwithstanding the evidence which was given in that respect.

Mr. Lambert: Where is the evidence?

Mr. Chevrier: The least that should be done by those who are in office and those who are responsible for this series of events is to deny that suggestion and put the position of the government clearly before the house.

I want to leave that matter now and deal with the French network of the C.B.C. According to similar reports the independence of the French network of the C.B.C. would appear to be in greater danger than the English network. We all remember, of course, the most unfortunate incidents which occurred in Montreal at the beginning of the year. On that occasion the Minister of National Revenue was quite unfair, I submit with deference, to the employees and especially to the producers of the French network in Montreal. At that time he blamed the producers for the dispute. His statement will be found on pages 775 and 776 of *Hansard* for February 6, when he said:

> I also want to pay tribute, Mr. Chairman, to the management of the C.B.C. for the way in which they have conducted themselves during this strike. This has been the most unfortunate and unnecessary episode in labour relations in Canadian history, in my opinion. It is something which never should have happened.

He also made other accusations against the producers. However, about six months later, during the course of the committee meeting on July 2, when the minister appeared before the special committee on broadcasting he had changed his mind. As found at page 605 of the proceedings, in referring to the top management of the C.B.C. he had this to say:

Going back over these other occasions, like the Algerian matter, the Mother d'Youville question, the case of the person being brought in from Europe and also the background of the strike, where I was told afterwards if they had exercised any control here, the strike would not have happened, I probably told them, "You had better tighten up this organization or something will happen to somebody around here."

Mr. Nowlan: Hear, hear.

Mr. Chevrier: The minister says "Hear, hear", so there is no denying this statement. The minister therefore admitted before the committee that he learned afterwards that if management in Ottawa had exercised any control the dispute would not have developed. The minister was quite wrong earlier and it seems to me that in so far as the producers involved in the Montreal dispute are concerned he owes them an apology and should make amends to them.

In connection with this whole matter concerning the French television network I want to refer to an article by Mr. Mark Harrison of the Toronto *Star*.

(Translation):

Mr. Tremblay: Why don't you read the pastoral letter from our bishops?

Mr. Chevrier: If the hon. member will allow me the time, I intend to put on the record—

Mr. Johnson: Address yourself to the Chairman of the house.

Mr. Chevrier: —what religious authorities have said at a conference which was held not long ago.

(Text):

Evidently, Mr. Chairman, what I am saying is not appreciated by the hon. members who are continually interrupting. They do not like the fact that we have been saying repeatedly that in the province of Quebec they have been interfering with the management of the C.B.C. Why? Because some of the commentators have been disagreeing with statements made by themselves and by other government members. I should like to come back to the article by Mr. Mark Harrison published in the Toronto *Star* of July 2. It reads in part as follows:

Nowhere is the C.B.C. more exposed to political pressure than in the French network in Quebec. Surrounded by hostile politicians, C.B.C. producers in Montreal have been continually harassed in the past two years by attempts to undermine the independence of the corporation. The pressures have come from old C.B.C. adversaries—Duplessis supporters emboldened by the entrenchment of a Conservative administration in Ottawa. They have also come from the new Quebec Conservative M.P.'s who appear to assume their parliamentary status entitles them to influence policy in the corporation.

How do they apply these pressures against the C.B.C.? Mostly in a covert manner, seeking to make their influence felt through the federal cabinet, primarily through Solicitor General Leon Balcer and Senate Speaker Mark Drouin.

Last winter, for example, two confidential documents, blasting the talks and public affairs branch of the C.B.C.'s French network, were prepared by a group of Quebec Conservatives and submitted to the government. The documents have never been made public but it is understood they contained two major indictments:

1. That the C.B.C. Montreal group was riddled with left wingers.

2. That a few favoured commentators were appearing too frequently on the C.B.C. in Montreal.

The commentators to whom the Conservative M.P.'s objected were men like Jean Louis Gagnon, editor of *La Presse*, Gerard Pelletier of the Catholic syndicates and Andre Laurendeau, an editor of *Le Devoir*. The documents were passed on to the C.B.C. and the French network officials were required to submit reports which, in fact, were rebuttals of the charges.

I have not the time to read the questions and answers made by the minister responsible for the C.B.C. concerning this matter, but he did not deny the statement contained in that editorial. We have, therefore, good reason to believe that some of these pressures and some of these representations have been successful. Thus it has been decided to drop the program "Point de Mire", which had been tremendously popular and a tremendous success, by Rene Levesque. What justified that decision? Was it the fact that Mr. Levesque participated actively in the Montreal strike for which the producers and artists were not mainly responsible, according to the minister's new version? Surely this would not be acceptable. Was the program abandoned because some Quebec Conservative members, like the hon. member for Roberval, did not like Mr. Levesque? This would be most unfair.

Personally I do not know what the party affiliations of Mr. Levesque are, and this has nothing to do with the present situation. I do know, however, that Mr. Levesque is an objective commentator. I do know that he is a man who knows international and national subjects, and that he is listened to very carefully by a large part of the population of the province of Quebec. The proof of that lies in the fact that in the survey which was made of French television programs, it was "Point de Mire" which topped the list.

Mr. Johnson: Who made the survey?

Mr. Chevrier: Why then, I ask, was it decided to discontinue this program? We are certainly entitled to a full explanation of this from those who are responsible. Was it because some Conservative members from the province of Quebec complained that he was being seen too often on television? This is a complaint we hear very often, as was stated to us by the hon. member for Roberval.

What is the matter with an individual appearing often on television, provided he is able to entertain and give the public what they want? After all, you cannot take a man off the C.B.C. television network because of the fact that he has a wide and varied experience, and supplant him by another who has little or no experience, until that other has attained such experience. The complaint in itself is no justification whatever. The only acceptable criterion in this respect is whether the commentator is sufficiently interesting to keep his audience, and whether the program is achieving a useful purpose. It would be most regrettable if the C.B.C. had to drop its most popular French programs simply because of asinine arguments made by members such as the hon. member for Roberval.

In the last analysis the public should be the final judge of this question, because the function of the C.B.C. is to serve the public, not to satisfy the vengeance of political parties and members of parliament. I admit the C.B.C. should try, and it certainly did in the past, to develop new talent. However, it would be ridiculous if the C.B.C. had to drop artists and commentators as soon as they have acquired experience. The C.B.C., I am told, has not asked Mr. Levesque to continue his program "Point de Mire". This is unfair not only to him but also to the public who liked his presentation in the province of Quebec. This decision cannot be explained otherwise than by political interference, and I ask the minister to tell the house what has happened in this connection. Such pressures have also resulted in the dropping of other programs and other regular commentators from the French network of the C.B.C.

Mr. Nowlan: Nonsense.

Mr. Chevrier: If it is utter nonsense, as the minister has interjected, why has the program not been reinstated in the same manner as "Preview Commentary" has been? There has, no doubt, been some kind of interference in connection with "Point de Mire" and other programs on the C.B.C., as there was in connection with "Preview Commentary". It strikes me that interference has come from the sources I have just enumerated.

[Mr. Johnson.]

The Quebec Conservative members and their political allies, the Union Nationale, are now trying to destroy the C.B.C.; or at least if not, they are trying to prevent it from discharging the most important responsibilities it has to discharge in the province of Quebec. In order to achieve their purpose they resort to public denunciations of the C.B.C. and employees who are not in a position to defend themselves, and in this way they hope to destroy the morale of these officers of the C.B.C. and spread fear amongst the employees, with the hope that, put in that position, they will remove themselves and go off to other spheres.

They may get away temporarily with these unfair tactics. I want to tell them, however, that if they succeed in destroying the C.B.C., either by fear or through lack of funds or by reducing the C.B.C. to a political instrument of the government, they will be responsible for a major blow to the development and progress of the culture which they pretend to be serving and defending. I want to tell them also that in spite of a few mistakes which have been made by the C.B.C., this public service is still strongly and enthusiastically supported by public opinion.

I repeat that we on this side of the house and the Canadian public generally are entitled to get from the government a clear and complete statement of its broadcasting policy. This has not been forthcoming. This has not been given, either in the committee or here by the minister, and I think the time has arrived for the minister to tell this house that he, as the one speaking for the C.B.C., will not for one moment stand for interference, no matter from where it comes, be it from the members from the province of Quebec or elsewhere, in the programming of the C.B.C.

He and his government have repeatedly stated, not only during the dispute in Montreal but earlier on other occasions, that they will not permit interference in the affairs of the C.B.C. Well, if that is the case, then it appears to me that he should give instructions, in the same way instructions were given that "Preview Commentary" be returned to the air, to the C.B.C. to restore "Point de Mire" and other programs which have been taken off. In the present unfortunate circumstances what is needed to restore confidence and morale is an authoritative statement by the government. I sincerely hope that will be forthcoming.

Then, sir, the hon. member for Roberval a moment ago challenged me to put on the record certain statements in connection with what happened in Montreal recently. I hold in my hand a clipping from the Montreal

Star dated July 8, 1959 entitled, "RC Group Presents Views on TV, Radio". I quote:

It is time to stop wholesale condemnation and negative criticism of radio and television productions, Paul Emile Cardinal Leger said yesterday.

That is just the opposite to what the hon. member for Roberval told us in his 25-minute speech. He went on to be critical and to condemn many of the things that were being done by the C.B.C. None the less the head of the church in the province of Quebec did not hesitate to say that it is time to stop wholesale condemnation and negative criticism of radio and television productions.

At the meeting which took place at that time a series of resolutions were passed. I have not time to put them on the record, but they are there for anyone who wants to see them. I conclude, sir, by saying the time has arrived for the government to make it quite clear that there will be no interference in the programs on the French network of the C.B.C. I hope the minister will not only do that but that he will see to it that, in the same way "Preview Commentary" was restored to the air on the English speaking network, "Point de Mire" and other programs which have been dropped in Quebec will be restored to the French network.

Mr. Herridge: Mr. Chairman, I had intended to make some extended remarks on this item, because I am very much interested in the C.B.C. and all connected with it. But owing to the desire of the house generally to proceed as expeditiously as possible today I am going to deny myself that treat and enjoyment. However, the hon. member for Port Arthur placed before this house this party's position with respect to the C.B.C., and since coming into the house I have heard from a number of hon. members that his presentation was very well received even by members on the government side of the house, and that it was a constructive contribution to this most important subject.

I am going to deal with one or two matters that are of local interest, but before doing so I must say that I have received many letters—and I know a great number of people in my constituency—in connection with C.B.C. news programs and commentaries. These programs are enjoyed and appreciated by a large section of the population, that is to say that section of the population in my constituency which has the opportunity to enjoy those programs. I may say that included in those programs are excellent commentaries conducted by various members of the press gallery whose names have become almost household words in most of Canada because of their commentaries on radio and television.

However, it is because of the fact that the C.B.C. and its programs are appreciated in a large portion of my constituency that those who are still denied even radio reception are becoming more and more vocal in their protests against this continued denial of radio reception. Here we are spending huge sums of money developing television, yet in Canada today we still have sections of this country, such as the northern portion of my constituency where there are about five thousand people at the present time, who are denied the opportunity even to hear Canadian Broadcasting Corporation radio programs.

I have made this protest over a period of 14 years, Mr. Chairman, and we have made some progress. We are pleased to know that low power relay transmitters are going to be established this year at Slocan and New Denver. That is a step in the right direction, and the persons who will be served appreciate it very much. We still have two other areas which are not served by C.B.C. programs and which have extremely unsatisfactory radio reception. I refer to the Arrow lakes area and the area surrounding the Balfour-Procter axis in the Kootenay lake district.

I am not going to take up the time of the house on this matter except to again plead for these people who are denied even radio reception while others are enjoying television. These people who are living to some extent in the hinterland are producing a tremendous amount of wealth. Those in the upper Arrow lakes area produce one hundred million feet of lumber a year. Consider the revenue that comes from the loggers and sawmill operators in that district. Yet at the same time they are denied the opportunity to listen to C.B.C. radio programs, let alone television. The same situation exists with respect to people around the Kootenay lake area. I urge the minister to prod the C.B.C. along in this respect. When he is replying on this item of his estimates I should like him to give those people some information as to when they can expect these services.

There is one other matter to which I should like to refer. In June of last year the minister confirmed the fact that a television satellite station was to be established at or near Trail to serve the Rossland-Trail area. Apparently there have been some unexpected delays in acquiring an appropriate site, but here again we find a large industrial section producing a tremendous amount of wealth. Naturally, although they enjoy radio reception—which is something the people about whom I have been speaking still do not enjoy—I have been asked to bring to the attention of the house and the minister the fact that

they are looking forward to early action with respect to the erection of this television satellite station to serve the Rossland-Trail district. When the minister is replying I would appreciate it greatly if he would give me some comfort and hope in that direction.

Mr. Pickersgill: I should like to make a few observations which I intend to base on the report of the committee on broadcasting. I want to say first of all how disappointed I was—this opinion was also expressed by the hon. member for Port Arthur, and I think I reflect the view of all the opposition members—that the committee did not carry out the functions which the Minister of National Revenue told us last year it would be set up to carry out, namely to examine policy and examine the working of the new legislation. Instead of that, in spite of the fact that the minister's words were drawn to the attention of the committee at its opening sitting, the committee was in my view perverted into something that came very close to a witch hunt and persecution of the C.B.C. on the part, I do not say of most of the majority members but of certain of the majority members, who certainly monopolized most of the time of the committee.

Some hon. Members: Oh, oh.

Mr. Johnson: You monopolized most of the time.

Mr. Pickersgill: I hear the hon. member for Chambly-Rouville say that I monopolized most of the time. I almost raised a question of privilege in the committee because a very distinguished journalist wrote about me that I merely went into the committee for five minutes, obtained headlines and then left. You cannot have it both ways. The fact of the matter is that I sat patiently through all but one of the sittings of that committee practically from the beginning to the end, all but one of the sittings that were held when the house was not in session. There was one occasion when it was quite impossible for me to be there. I admit that most of those sittings that were held when the house was in session—and I do not blame anyone for it—took place when I felt it was my duty to be here rather than there. I might say that anybody who wants to examine the record of almost any of the meetings will find that the number of interventions by me was relatively small, and that they almost invariably dealt with questions of principle—

Mr. Lambert: Politics.

Mr. Pickersgill: —policy and legislation.

Mr. Lambert: Politics.

Mr. Pickersgill: There was a little politics, that is quite true. There was a little politics when a shocking attack was made upon public broadcasting in Canada by the premier of the most populous province of Canada, and I thought the premier of that province should be invited to come to the committee in order to give us his views. For political reasons hon. gentlemen opposite used their majority to prevent any such thing being done.

Mr. Lambert: There were a great many other occasions when you used them, too.

Mr. Pickersgill: That is the only case I can recall offhand.

Mr. Lambert: Don't be so modest.

Mr. Pickersgill: Other hon. gentlemen can give their own testimony on this subject. The Leader of the Opposition was critical; but understandably, since he was not a member of the committee, he was relatively mildly critical of the report of the committee and of some of its deliberations. I agree with everything he said, and I should like to reinforce it a little. I want to examine these recommendations seriatim. The first one does not need much time spent on it, as the hon. member for Port Arthur pointed out. It reads as follows:

> Your committee affirms its support of the basic aims and objectives of the C.B.C. We commend the officers of the corporation for their efforts to further these aims and objectives.

There it is. There is not another thing in that report that indicates that they are trying to do anything to attain those objectives. From there on the recommendations deal with breaking down the capacity of the C.B.C. to do those things, or with matters irrelevant thereto.

The next recommendation is:

> Your committee regrets that it must report its conviction that the administrative structure of the corporation is weak and in need of a thorough revision. There is a lack of clear definition of responsibilities and authority of the various executives and junior executives of the corporation.

I must say that I do not agree at all with that recommendation. I do think there was obvious evidence of weakness at the very top; I do not think anyone could argue that. But for the rest of the officers who appeared, I have very grave doubts as to whether there is any private corporation in this country which could send the number and variety of its officers to be put through the kind of inquisition these witnesses were put through and have them as clear, as candid and as precise about their functions.

It did not seem to me, therefore, that there was any warrant whatsoever for this wholesale suggestion. I think everyone would agree, and it would be silly not to

agree, that for reasons perhaps partly stemming from Mr. Dunton's resignation and then the illness of Mr. Ouimet and the extraordinary burden thrown on Mr. Bushnell, there was weakness at the top; but in the corporation generally I found nothing whatever to warrant this, and of course no concrete evidence is cited in this recommendation.

Then the next recommendation:

Your committee believes that the board must assume full responsibility for policy—

Of course I do not agree with that either. The position of our party, as the Leader of the Opposition pointed out this morning, is that the policy for broadcasting should be made by the board of broadcast governors for the whole national system, public as well as private, and having a board of directors of the C.B.C. is at best redundant and at worst likely to lead to confusion; and, as the Leader of the Opposition pointed out at the last session of parliament, likely to create a divorce between the public and private systems, which would be regrettable.

That does not mean at all that we do not think the private sector of broadcasting—I should have said I do not think—has an important part, and an increasingly important part, to play; but the original conception from 1936 on was that there should be one integrated system with public and private parts complementary, and not two separate systems. It seems to me that already we have had a lot of evidence on this point, including the evidence given by the chairman of the board of broadcast governors, who gave his evidence very precisely and very concisely and who made it very clear that, as things operate now, they have no initiative at all in an effective sense in the field of policy.

Then coupled with this is the recommendation that—

—the person occupying the position of chairman of the board shall not hold other executive offices in the corporation, and that a chairman of the board be appointed.

I have some doubt as to whether the committee had the power to make that recommendation, because we were not asked to recommend changes in legislation; but perhaps that is a pedantic objection. I must say that in default of anything better I think this would be some improvement on the existing situation. It would provide a little of that insulation which the Leader of the Opposition indicated very clearly this morning was lacking and of which we need a lot and not just a little.

I pass over the next recommendation for the moment, because I want to say something about it later. It is the one having to do with clandestine political influence. The next recommendation I come to is this:

Your committee recommends that a senior officer of the corporation, with headquarters in Ottawa, be vested with the clear authority and responsibility for all supervision of production.

That, and several other recommendations which come later on, struck me as indicating a fundamental weakness in the approach of the majority of this committee to their duties. They seemed to think that this committee was appointed to run the C.B.C. This parliament last year over our objection established a board of directors to run the C.B.C., and this report is filled with administrative directions to that board of directors. The worst feature of that, sir, was that the committee took it upon itself deliberately to usurp the authority of the board of directors.

The Minister of National Revenue came to the committee and reinforced the reasons given by the C.B.C., some of them I admit perhaps not as convincing as they should have been, why certain information of a commercial character should not be given to that committee. Notwithstanding the fact that the minister made a very strong case—I thought it a more convincing case than the C.B.C.'s on this particular point—and notwithstanding the fact that all the opposition members of the committee voted to sustain the position of the minister, the majority of this committee took it upon themselves to disregard his advice and to insist upon asking for this information.

But that is not all; we then have chapter 2. There was a formal meeting of the board of directors, this board of directors which was set up by the whole of parliament, not just this little committee, to carry on the affairs of the C.B.C.; and this board, appointed by this Tory government, a board which one would imagine would not be unfriendly to the government, passed a resolution asking the committee to reconsider this matter. And what happened in the committee? Every supporter of the government voted against what the minister wanted; they voted against what the board appointed by the government wanted, and voted to insist upon overriding parliament. That was the kind of committee we had; and the only members of that committee who voted to uphold what has been, since Mr. Meighen laid down those principles about the C.N.R. in 1919 or 1920, the proper attitude toward the running of a public corporation were the opposition members of the committee.

Now, sir, it seems to me we have to make up our minds one way or the other. Either this parliament is going to show some reasonable confidence in the directors appointed to

manage these corporations, or it is going to get rid of them because it has no confidence in them. The idea that we can usurp their functions and set up committees which disregard the advice of the minister who has to answer is, in my view, the negation of our British system of responsible government. It is importing into our system of government the United States system; and I must say that when I heard the Prime Minister's remarks this morning about the committee system I thought the Prime Minister himself was beginning to get worried. The Prime Minister said, as I remember it—I am just paraphrasing—"We are not trying to introduce the United States system." Whether or not the government is trying to introduce it, certainly many of the members of this committee acted as though that were being done.

The committee then went on to say that they gave lengthy attention to the financial operations of the corporation, and that is not a recommendation. They then went on to say something about extending service. That is one recommendation I do agree with. As rapidly as it reasonably can be done I think service should be extended to all Canadians to whom service can be extended. There is one other sentence with which I agree unreservedly, and it is this:

> Your committee was unable to ascertain that there is any intelligible formula or pattern used in determining the annual budget of the C.B.C.

That is exactly what we said about this legislation last year, and that is exactly what the Leader of the Opposition said about it at page 4053 of *Hansard* of last year. I wish I had time to read what he said, because it was borne out completely by the evidence which was brought before us on the very first day. It was quite clear that what we said at the last session of parliament was true, namely that, as long as they had annual budgets based on no kind of principle except that of asking for as much as they thought they could get, with the Minister of Finance trying to keep the amount as low as possible, it meant that this corporation to all intents and purposes was under the thumb of the Minister of Finance. I am glad the committee recognized at the end of its sessions that what some of us recognized on the very first day was true, but I do not think much of the proposals they have for dealing with the problem.

It seems to me, as the Leader of the Opposition pointed out so well this morning, that there is only one way of dealing with this problem, and that is by some means or other, for a reasonable period of years, to permit reasonable planning, to give to the corporation an assured budget based on some automatic formula that cannot be changed by the Minister of Finance, the treasury board or the governor in council; a formula that will be decided by legislation in this parliament, and which will stand until it is changed by parliament. Before any formula of that sort would be changed I should think it would be wise to do what has always been done in the past, have an investigation of the character of the Fowler or Massey commissions.

These other recommendations about commercialism and the other cases where the committee undertook to tell the board of directors how to run the corporation, I am not going to discuss very much. I think this whole conception of commercialism is entirely wrong. That does not mean that I do not think the corporation should get as much out of the advertisers as it can, because I do; but I think it is entirely wrong to talk about subsidizing advertisers. What the corporation is supposed to do is to give the Canadian people the kind of programs that are needed in the national interests of Canada, and to try to get a part of those programs paid for by commercial interests. I am not the least bit in favour of letting commercial corporations go into the field and run programs in place of the C.B.C.

Mr. Bell (Carleton): Well, who is?

Mr. Pickersgill: I direct the hon. member's attention to the last of the recommendations, which suggested that this should be taken over by sponsors or advertising agencies.

Mr. Bell (Carleton): That is a complete misunderstanding of the report.

Mr. Pickersgill: It may be a complete misunderstanding of the report, but it is an understanding shared by most of those who have read it. I come back to the paragraph in the report which I passed over. I refer to this incredible and extraordinary statement:

> Your committee investigated the charge that "clandestine political influence" was responsible for the removal of the program, "Preview Commentary" and found no evidence to support the charge.

Well, we did not find any evidence that did not support the charge; nothing; not a tittle of it. First of all Mr. Bushnell admitted quite frankly that he believed his head would roll unless he did something about that program and did it quickly. He communicated that belief to the senior officers of the corporation. They ended the program in a panic, and then got into a second panic and put it back on the air. We attempted to solve the whodunit, to try to find out what the channel was through which Mr. Bushnell got this impression, which I do not think

was an hallucination on his part, though it might have been. We wanted two further witnesses. The steering committee agreed to have one of those witnesses, but the hearings were terminated abruptly before that witness could be heard. We wanted to have another witness, a member of the board of directors, who according to testimony already given really knew something about this matter, but we were turned down by every member of the majority voting against extending an invitation to those witnesses who might have been able to solve this problem.

Why? I do not know why, but it was evident that there must have been a fear on the part of the members of the majority that the evidence would be very damaging politically.

Mr. Bell (Carleton): Ridiculous.

Mr. Pickersgill: The hon. gentleman can make his own speech in his own time. I want now to make one or two further observations about this whole question. One thing we know is that this program was cancelled suddenly, precipitately, and we were even told that it ought to have been taken off the air a week before it was. Let me read these words:

> —the fact is that it was cancelled after it had been announced. Why was it cancelled? Who reached the decision to cancel it ?— On what grounds did they make their decision? With what information before them and with what communications before them did they reach that decision?

I ask the minister that. I continue:

> Looking about for the source of this idea to cancel an announced program (an announced series of programs) which to say the least were not always complimentary to (the government), is it not fair to ask this question: Where does the advantage accrue from such a cancellation? To even the most untutored in the tortuous ways of this government it is perfectly obvious that the only advantage that could accrue from the cancellation of that program was an advantage to the (Conservative) party and the government opposite. Hence, Mr. (Chairman) we are left with two alternative explanations.
>
> The first one is that this program must have been cancelled by request of the government. I am not so naive as to suggest that the Prime Minister wrote a letter to Mr. (Bushnell) and asked that this program should be cancelled. Oh, no; I do not make that suggestion. I do not even suggest that the Minister of National Revenue necessarily picked up the telephone and called Mr. (Bushnell) or spoke with anyone representing the (C.B.C. management).

Mr. Nowlan: That is sheer nonsense and you know it. Your conduct is befitting a kindergarten.

Mr. Pickersgill: I agree, Mr. Chairman, that this statement was sheer nonsense when it was uttered by the hon. member for Eglinton on February 7, 1956, as reported at page 947 of *Hansard* in connection with another incident, but it is not on this occasion. I am interested that the minister should have used the very favourite expression of the hon. member for Eglinton in talking about what he describes as "sheer nonsense". But how well it applies. I am going to read a few more lines, because these words apply so very well to this situation.

Mr. Bell (Carleton): There was some evidence then.

Mr. Pickersgill: The hon. gentleman can deal with that in his own time. It happens that there was absolutely none. Let me continue quoting what was said by the present Minister of Finance who was then the private hon. member for Eglinton. Hon. members may have observed that I am paraphrasing this statement only to the extent of substituting the word "Conservative" for the word "Liberal" and by making other relevant substitutions which no doubt will be indicated in this record in parenthesis. I continue:

> I am not even suggesting that the Minister of Finance necessarily communicated, perhaps by artful stratagem or hint, the feelings of the government in this matter or his personal feelings which would be the same thing. But, Mr. (Chairman), by whatever method the view was conveyed or the hint, it is quite obvious that the feelings of the government were not offended by the cancellation. That is one of the two possible explanations.
>
> The other alternative explanation is that the (C.B.C. management), in proceeding to cancel this program, was acting in the interests of the government and the (Conservative) party even without direct government intervention.
>
> Sir, of the two alternatives the second would be the worst for Canada because it would mean that—the responsible body in the Canadian broadcasting organization, was anticipating government desires in tihs matter and was showing such a tender solicitude for the partisan interests of the government as would serve the desires of the government. Take your choice, Mr. (Chairman), of those two alternative explanations.
>
> Suspicion could not fail to be aroused by the method in which this matter has been handled—There was no frank, straightforward statement coming from them.

We remember the answer the Prime Minister gave on June 24. I advise hon. members to refresh their memories by looking at it. I continue with the hon. member for Eglinton in 1956:

> No, it is quite obvious that they felt they had something to hide; they had something to hold back and therefore the (intervention) must be secret.

The Minister of Finance anticipated the kind of situation that would exist with a Tory government in office very accurately indeed, as will be seen from the reading of that passage. But he was not the only one who anticipated that. That is precisely what was said by the Leader of the Opposition in the

reference I made a few moments ago to *Hansard* of last year. That was also said by several hon. members on this side. I could read other extracts to that effect. I do not want to take the time of the committee to do it.

I think the Minister of Finance was right in this, that the greater of the two dangers in this business of voting annual appropriations, the more serious one, is the insensibly, inevitably, because of the corporation's desire to retain its employees, to preserve its status and to continue to grow, if this system of annual appropriations under the thumb of the Minster of Finance is long continued, human nature being what it is, the corporation will try to please, try to ingratiate, try to make sure, particularly in the autumn when treasury board is going to be looking into these matters—and we were given evidence that treasury board did look into them, that there was no question as there is with the C.N.R. of a budget, but there was a fairly detailed examination—we will find that this will insensibly happen, probably for a little while, anyway, for a few months. That may be a greater danger than the danger of direct intervention because of displeasure, perhaps because the government, having had its fingers burned rather badly, may be more cautious for a little while. The whole system is pernicious; it is thoroughly unsound, and it seems to me, sir, we ought to go back to first principles here.

The United States view is that broadcasting is so dangerous—that is, domestic broadcasting within their own country—that the state should not be engaged in it; that it is a danger to freedom. Now, to some degree that is right; to some degree it is true that there is always a danger within a mechanism owned by the state. No matter how great the independence that is given to it, it may become an instrument of the government in office and be a potential danger to our system of free and democratic government, to that proper balance between the government and the opposition which is so essential to the preservation of that freedom. But we have recognized in Canada that if we are to have a national identity side by side with a country so much more powerful than ours we have to have an instrument like this, just as we had to have a transcontinental railway nearly a century ago for the same reason.

Perhaps this is even more essential than the railway was to our preservation, but the only way we can do that is to keep this mechanism divorced as completely as possible, compatible with the parliamentary control over expenditures. That does not mean, sir, that you have to have parliamentary control over the day to day expenditures, and you certainly should not have governmental or treasury board control over them.

My view is—and I feel it even more strongly than I did before—that treasury board control is wrong; that the right system is some kind of ceiling, some kind of automatic one. I do not think, if it is properly calculated, we will need to worry very much about what happens below it because the corporation, as everyone with a limited income will have to choose what is best within that ceiling on income.

Mr. Fisher: There are three brief points that I overlooked. One is that I did not make reference to the service rendered to the committee by the chairman, the hon. member who makes his home in London. I must say that while I disagreed with much of the report and with some of the things that went on in the proceedings, he was a pleasant chairman and one who tried within the limits of all the contentions within the committee to be as fair as possible.

The second oversight is that I failed to mention that one of the recommendations in the committee report was very dear to my heart; that in spite of the service that is given to the metropolitan areas, which are well served, I think it is well to remind hon. members that there are quite a large number of hinterland areas of the country that still very much need the carrying out of the recommendations in this regard.

The third oversight, Mr. Chairman, was brought to my attention by a member of the government side of the house, who suggested that I was less than fair in my comments about them and their behaviour in the committee. In order to rectify that situation, Mr. Chairman, I just want to read from page 610 of the committee's proceedings. I think the committee will gather from the mood and rather confusing position that are revealed by the questions and the answers that this is what I was referring to. On page 610 the hon. member for Vancouver-Burrard asked these questions, and I look on this gentleman as a typical member of the government forces on the committee.

Mr. Pickersgill: May I ask the hon. member for Port Arthur if that is not rather unfair, even to the committee?

Mr. Fisher: No, I think he is a typical member, and this is an example of the confusion that I was talking about. He was directing his questions to the minister. He said:

> As long as you have to answer to parliament for the operation of the C.B.C., and as long as the government subsidizes the C.B.C. to such an extent, I presume there will always be political interference—proper interference—in the C.B.C.?

Mr. Nowlan: There has never been any interference, as far as I know, in any way, shape or form.

Mr. Taylor: Meeting of minds?

Mr. Nowlan: There has been no meeting of minds.

I think that is true, too. I continue:

I have conveyed—as I said—every complaint I received in writing to the C.B.C. I undoubtedly have conveyed some—in general—of the verbal representations that I have received.

Mr. Taylor: I do not mean of an improper kind at all; I mean, there must always be meetings with C.B.C. officials for one reason or another, where the government is subsidizing this corporation to such an extent?

Mr. Nowlan: There are meetings constantly, because we get these representations and recommendations. I have given one—this question of the theatre. I have had a score of them that I have called up about and said, "I want to get more information on this" and asked them to come up and talk to me.

Mr. Taylor: It could not be otherwise, could it?

Mr. Nowlan: It has not been otherwise; and it could not be, unless the minister is simply going to be a rubber stamp and pass things on—which I have not been.

The only point about that question to me is that it supports my earlier contention that very many members—I think here was a typical member—on the government side have really not thought out clearly what the C.B.C. is doing, or what it is supposed to do and what its relationship under the legislation should be with the government.

In closing I would like to reiterate what the hon. member for Bonavista-Twillingate said, in so far as some of the recommendations of this committee interefere in the very area that we set up an authority for last year, and that is the authority of the C.B.C. board of directors.

(Translation):

Mr. Brassard (Lapointe): Mr. Chairman, I will take only five or six minutes of the time of the committee. I want to endorse the remarks and the congratulations that the hon. member for Port Arthur (Mr. Fisher) has made to the chairman of the committee on broadcasting, the hon. member for London (Mr. Halpenny), who discharged his duties with much dignity and ability in circumstances that were often quite difficult.

Mr. Chairman, while listening to the hon. member for Roberval (Mr. Tremblay), a few moments ago, I have recalled certain speeches that were made by the hon. member for Eglinton (Mr. Fleming), the present Minister of Finance. I wonder, however, if the hon. member for Roberval has spoken on behalf of the government. I hope that the Minister of National Revenue (Mr. Nowlan), when he speaks in a few minutes, will tell us if it is so, because it is quite important that we know if all the theories which were put forward by the member for Roberval are endorsed by the minister responsible to the parliament of Canada for the administration of the C.B.C.

The hon. member for Roberval spoke at great length about education and culture. I will therefore give him advice which he, in turn might pass along to some people he knows quite well. The Quebec legislature, Mr. Chairman, has adopted an act to enable the provincial government to operate its own radio network in the province of Quebec. If it is indeed felt that the C.B.C. deals rightly or wrongly with education or culture, I believe the best way to relieve the problem, if it is a problem, is for the province of Quebec to apply to the C.B.C. board of directors for a licence to operate a radio and television station. In this way, Mr. Chairman, all those who object to the way the C.B.C. is carrying on, will be able to look after the cultural field in their own way.

Then the hon. member for Roberval referred to a document sent to certain C.B.C. officials in Montreal over the signature of Mr. Marcel Ouimet, and he read some paragraphs from that document. That very reference makes me doubt the purposes of certain members of that broadcasting committee, and I believe the document quoted by the hon. member for Roberval definitely proves that senior C.B.C. officials are doing all they can to give us programs that are balanced in every way.

Mr. Johnson: On one side only.

Mr. Brassard (Lapointe): The hon. member also referred to a letter from a certain newspaperman, sent along to the broadcasting committee. However, Mr. Chairman, as the hon. member for Roberval told us, we had agreed right from the start to refrain from personalities. But who dragged in the name of that newspaperman before the committee? The hon. member for Roberval knows perfectly well who it is, and I think that it was not fair to quote a letter charging certain C.B.C. officials without giving them the right to appear before us to tell us what they thought of the charge made against them.

The hon. member for Roberval—and I want to close with these remarks—dealt at great length with lack of efficiency in the C.B.C. But, if the government endorses the principles that the hon. member for Roberval has just set forth, and if it takes in consideration the recommendation contained in the report

of the broadcasting committee, it could alleviate that lack of efficiency, Mr. Chairman, because the report of the committee recommended that someone be appointed in Ottawa, and that he should be responsible to the minister and to the people of Canada for the production, programming and content of C.B.C. programs.

Personally, I oppose that recommendation because I believe that the administration here in Ottawa, has able men who have the required knowledge to do this work. It would only be a matter of re-allocating the duties of certain C.B.C. officials here in Ottawa. But, I presume that that recommendation has not been made without a purpose, and if the government wants to take it in consideration and wants to get rid forever of the glaring incompetence of certain producers and of all C.B.C. officials, as the hon. member for Roberval has indicated, I hope that the Minister of National Revenue—

Mr. Pigeon: Not all of them.

Mr. Brassard (Lapointe): —will appoint to this post the hon. member for Roberval. Personally, I would be quite happy about it.

(Text):

Mr. Nowlan: Mr. Chairman, perhaps I should say a word before the item carries. The hon. member for Kootenay West asked about the installation of a satellite station and expressed the pious wish that I might bring hope and comfort to his heart. All I can say is that the proposal is one of a score or more which C.B.C. engineers are considering. It is on the program, but I cannot assure him just when I will be able to boost his heart to the extent he hopes. It is something which is in prospect in the relatively near future. I think that was the only question of local significance.

One of the gentlemen of the press gallery, who has appeared on this much discussed program, said the other day that at this stage of the session, when there was pressure for the house to finish, the government submitted to blackmail by opposition members who got up and made wild and unrealistic speeches from time to time and the government, knowing they had to get the house through by a certain date or having entered into some sort of discussion to that end or hoping that it could be accomplished, had to sit by and not reply in kind. That is the position in which I find myself this afternoon. I should very much like to reply to some of the statements which have been made.

[Mr. Brassard (Lapointe).]

I might say immediately, in response to the inquiry made a moment ago by the hon. gentleman who just took his seat, that the hon. member for Roberval was of course speaking for himself. He is a member of the house who holds strong views, to which he is perfectly entitled, and as such he is entitled to every respect; but he does not speak for the government of Canada or for any phase of government except that as a member of the house he has the rights which we all have and which we respect.

In his opening remarks the Leader of the Opposition referred at length to the Canadian Broadcasting Corporation, and with all his statements with respect to the aims, objects and purposes of the corporation, its history and its contributions, no one could agree more than myself. There is no question about that whatsoever. No party has a monopoly on affection for the C.B.C. or anything of the kind. In my opinion the C.B.C. is one of the great national organizations of this country. It has made a tremendous contribution to the country and it is an organization of which most, if not all, Canadians are proud. It is one of which I am very proud. I subscribe entirely, as I said, to the views the Leader of the Opposition expressed with respect to the corporation, the contribution it has made to the country and the contribution it can make in the future.

The corporation has a very difficult role to play, as I know full well from the mail I get and the differences of opinion that are expressed. Some people are very critical and some people are complimentary. Some people look forward to getting television programs from United States stations. One thing that has impressed me more than anything else in connection with C.B.C. programs is the number of letters I get from United States citizens who, having lived near the Canadian border, have had to move farther south for business or other reasons and have been removed from direct contact with the Canadian Broadcasting Corporation. Their letters all express regret at missing Canadian Broadcasting Corporation programs, and say how superior those programs were and are to what they are receiving in the particular locality in which they now find themselves. I know there is a divergence of opinion in that regard, but that is one yardstick we can use, and it is surprising the number of letters one gets to that effect.

Much has been said this afternoon about the committee report. I am not here to make any defence of the committee. I do not think defence is necessary. I was very glad to hear the tributes paid by some members to the chairman of that committee. They

were well deserved. I think the same tribute can also be paid to the great majority of the committee members. The committee worked hard and sat long hours. I think it did a remarkably good job.

The hon. member for Bonavista-Twillingate protested because the committee brought in certain recommendations, and said it was unfair to the management of the C.B.C. Maybe that is a play on words, inasmuch as the recommendations have to do with matters involving management. I can remember a score of committees of the house that have brought in recommendations with respect to specific matters. They are not necessarily binding on the government, but are the opinion of groups of men and women who have sat for long hours, have heard witnesses and have arrived at certain conclusions by a process of discussion and sometimes, of course, by long discussion and modifications before something approaching unanimity was reached.

The report is a good one. I do not know how far the corporation will be prepared to go in carrying out the recommendations of the committee. I am not sure what if any recommendations involve government action. This is something to which the government will give consideration when time permits after the pressures of these immediate days are over.

Much has been said about this program "Preview Commentary". I am not going to rethrash that old straw again. The hon. member for Bonavista-Twillingate, who is sometimes logical and always political and has a habit of raising his voice higher the weaker his case, this time spoke more loudly than I have ever heard him before. I never heard him make such a poor presentation. I understand he is studying law, and I thought that undoubtedly some day he would be an ornament to the bar of whatever province he chose to join.

This afternoon, when he talked about evidence, I realized he had a long way to go before he became a lawyer. We all know there are books that have to be read during the law course, and if one wants to learn about evidence one of the elementary books one has to read is called "Phipson on Evidence". There are many other books on evidence, and I suggest to the hon. member that he should read a book or two on evidence before he starts trying to describe to the House of Commons or anyone else what evidence may or may not be.

Mr. Pearson: Is a parliamentary committee a court?

Mr. Nowlan: No, a parliamentary committee is not a court. However, one often hears a reference to the high court of parliament, so one is left to draw one's own conclusions.

Mr. Chevrier: Do the rules of evidence apply in a committee?

Mr. Nowlan: The rules of evidence may not apply, but when the hon. member speaks about something being proven, and when he says that things are proven, it leaves the impression that he is referring to evidence.

Mr. Pickersgill: I know the minister does not want to misrepresent what I said, but I did not use the word "prove" anywhere.

Mr. Nowlan: The hon. member did not use the word, but he made references to this evidence and one draws an inference from that. Apparently there is some suggestion of political interference and some suggestion that political pressure was brought to bear in connection with this program. Well, I have heard this government described in various rough terms by hon. members on the other side of the house, as having failed in this and failed in that and failed in the other thing. I believe most of these charges are not correct. However, I have never heard any description of this government or of any member of the government that was so uncomplimentary as to suggest that if there was any desire or any intention to use political pressure to cancel this program, it would have been done in such a way and at such a time. Certainly no politician with a scintilla or a modicum of intelligence would have done it in that way.

I think that is the best answer. How could anyone suggest that if political pressures were to be used to cancel this program, they would be used when this house was going to close within a week or two, after sitting months and months, and the program having gone on for two years? To do it in such a fashion would be utter nonsense. Just how silly can they get over there? They even have to laugh themselves.

Of course when they make such suggestions they know how little foundation there can be. The program may have been cancelled ineptly and without proper discussion. One can admit in a moment that is a matter for management as to why it was done or how it was done, and in that way management must answer for it. However, I can give assurance, as I have done before in the house and in the committee, that the suggestion that it was done by political pressure, clandestine or otherwise, influence or pressure, is sheer nonsense in every way, shape and form.

The hon. member for Laurier, who usually is very logical and makes able and convincing speeches in this house, I thought was

driven to rather unfair limits when he suggested there were questions which should be put and answered. I suggest there may be theoretical questions about everything under the sun. If everyone goes around trying to make up questions and give answers about everything from creation to the hereafter, they will be rather busy indeed.

The hon. member referred to some question about the role of the Prime Minister and the role of someone else. I have been actively associated, as Minister of National Revenue, with this corporation from the day we took office on June 21, 1957. I have been the only one who has been associated with it in any way, shape or form. For anyone to suggest that the Prime Minister, directly or indirectly, interfered with this corporation through me or through anyone else is absolutely untrue and unwarranted; there can be no question on that score whatever.

Much has been said about the budget and the fact that the poor C.B.C. is defenceless because the government, through parliament, prescribes the moneys which the corporation is to receive. Well, what was the situation when we came into office? Where was this formula about which we hear so much now? I will tell you what the situation was. When we came into office the government of the day, represented by some hon. members who have been speaking this afternoon, had only provided the C.B.C. with enough money to keep it operating until October. In order to be fair I should say there was a royal commission and they were awaiting the royal commission report, but the royal commission report was not going to provide the money, per se. You had to go to parliament.

The first thing I had to do, as Minister of National Revenue, was to get a supplementary estimate through this house to keep the corporation from closing down. Something was said, and I think there is a misunderstanding about this—with all due respect I think the hon. member for Port Arthur has a misunderstanding of it because some of his questions would imply this—about my responsibility with respect to money. Not only am I the minister who reports to parliament or who is responsible for reporting to parliament for the C.B.C., but under the act I also have to recommend to cabinet every expenditure which has to come before the cabinet. What was the situation when I took office? I found that the minister responsible for the C.B.C. had to recommend to cabinet every expenditure over $25,000.

Mr. Pickersgill: Is the minister not just referring to capital expenditures?

Mr. Nowlan: No; for any expenditure over $25,000, under the C.B.C. act the corporation had to get the authorization of the governor in council. Of course this would imply, as I am sure the hon. member will agree, a recommendation by the minister, whoever he might be, to council to get that authorization through. When we drafted this new bill which has been criticized—I am certainly not suggesting for one minute it is a perfect piece of legislation; I said that last year and I say it again—what we did do was to raise that ceiling from $25,000 to $100,000, and we eliminated programming entirely from that consideration.

Under the old act and under the former government, everything over $25,000 for programming had to be approved by the governor in council. Under the present act expenditures over $100,000 have to be approved by the governor in council, but programming is not included. I happen to know of one expenditure for programming that is going to cost $1 million which does not have to have my recommendation or my approval in any way, shape or form. This is a long term program, running over three or four years, but I happen to know about it.

I do not believe there is any basis whatever for this charge that the corporation is under the control of the Minister of Finance or the Minister of National Revenue and is weakened in any way because parliament has to vote the money. There is such a difference in the last four or five years. The cocoon has blossomed forth. The days are over when the C.B.C. budget was $4 million or $5 million. Radio was a constant factor, and expansion had ceased. The experimental era was pretty well over. You could plan a budget for a certain period.

We have blossomed forth from a budget of $7 million or $10 million to $60 million in a period of four or five years. What formula could you adopt to cover an expanding situation such as that, I should like to know?

What was the situation when my hon. friends opposite were in power? They had a formula at one time. At one time they had licence fees plus advertising revenues and you had to live within that formula or you had to fire someone. At one time they had a budget and licence fees, and it was not sufficient to run the corporation. Gradually they outgrew the licence fee; there were difficulties of collecting it, and they got a fixed parliamentary grant of $7,500,000 a year for the last three years, I think it was.

Then there was the excise tax. They had no reasonable formula whatsoever; I refer to hon. members on the other side of the house. It is true that the excise tax provided a new

source of income, but when the corporation needed less money, compared at least with later years, the amount that came to them was larger because everybody was buying a television set and therefore the excise tax was larger and was far beyond their needs. And when the corporation needed money most less was coming in because people had bought their television sets.

To say they had a formula is a play on words. What our predecessors in office were doing—and what I suggest they would be doing today, or what they were doing up until the day we took over—was voting money by parliament. They had a parliamentary grant. They had the excise tax. They also voted money for the last year's grant and for the last two years we voted money for a deficit just as we are doing now. The only difference is that the deficit is bigger now than it was then.

Mr. Pickersgill: Will the minister permit a question at this point?

Mr. Nowlan: Yes.

Mr. Pickersgill: Is that not precisely the reason that was given here in this house by the Prime Minister or the Minister of Finance for the appointment of a royal commission, namely that we believed this was a bad system and we wanted a royal commission to recommend a better one?

Mr. Nowlan: I am not prepared to answer that question; I may say quite frankly that I have not read *Hansard*. I have not any doubt that the hon. member is giving his recollection and that he probably is correct.

Mr. Pickersgill: It is a fact.

Mr. Nowlan: I am trying to suggest only that there is no difference in our procedure in this matter today from the procedure carried on by the hon. members opposite. Maybe we are low on this; maybe there should be more. But I do suggest that in this expensive area you cannot adopt a formula which will be satisfactory at this time. Theoretically it is fine. When the situation stabilizes I think a formula should be and could be found. But I say that in my opinion and that of my colleagues—because this matter was discussed; the Fowler commission undoubtedly recommended a formula—we did not believe and I do not believe that it is a practical suggestion. Therefore we have not adopted it. When you are dealing with $50 million, $60 million, and $70 million a year coming from the taxpayers of the country I suggest, Mr. Chairman, that some form of parliamentary control and parliamentary vote is highly desirable as a protection to the C.B.C. itself, because there are bound to be these pressures arise and there are bound to be demands from people across the country to know how the money is being spent. Even if you had a formula within which they could operate, I doubt that you would find that it could be preserved in our modern parliamentary practice as it is carried on.

As I said, Mr. Chairman, there are many matters to which I should like to refer. I thought the hon. member for Port Arthur was somewhat critical of the board of broadcast governors and the chairman who, I think, was before the committee twice. However, I think there is a misunderstanding in his mind as to the role of the broadcast governors with respect to the C.B.C. The board of broadcast governors never was intended to have any control over the C.B.C. with regard to programming or anything of that kind. The board of broadcast governors is to lay down general rules and principles for the operation of all radio and television stations in Canada, both public and private. It has no more relationship to the C.B.C., except that it happens to be a government agency and is here in Ottawa, than it would have to a private radio station such as that to which my hon. friend referred in Port Arthur, or to a radio station in Calgary or wherever it may be.

Reports all over this country from persons in the private broadcasting business as well as the public generally are that the board of broadcasting governors have made a remarkable impression, and are doing a remarkably good job and have received commendation from all over the country. I think we are very happy indeed in this government and in this parliament, and that this country is fortunate, in having a man of the type of Dr. Stewart and the other men who are associated with him in the administration and control of licensing of radio and television broadcasting throughout this country. It is because of that fact that the government has announced the relaxation of policy, because I feel confident that we can turn over to the board of broadcast governors the responsibility of deciding where and when and who shall be getting these television licences and know that the very best decision that can be made by human beings subject to human error will be made.

My friend the hon. member for Laurier referred to a certain program. I thought there was a slight lack of logic there. We are accused of political influence or clandestine political influence in connection with the program "Preview Commentary". Yet apparently he was suggesting there should be some overt political interference in order to

get a certain program—I did not catch the name of it—which he wanted restored to the French network.

Mr. Chevrier: I rise on a point of order. I do not want to interrupt the minister, but I am sure he does not want to misrepresent what I said. I thought I made it quite clear, both in the remarks I made in English as well as those I made in French, that if this program "Point de Mire" was withdrawn because of political intereference it should be restored.

Mr. Nowlan: Frankly I may say I had never heard of it being withdrawn until the hon. member raised the matter this morning.

Mr. Chevrier: It is withdrawn.

Mr. Nowlan: I can tell you without any hesitation whatsoever, because I have been so advised by the officials, that the decision to withdraw that program was taken many months ago, and that it was done by the corporation without any suggestion of political interference whatsoever; and the program is not going to be restored in the near future. It is a program that some day may be brought back, but that is a decision of management and the decision will be made purely by them. As I say, frankly I did not know anything about it until I heard the matter raised here this morning.

There are many other matters to which one could refer, but I think I have taken up enough time of the committee at this time. As I said earlier, the C.B.C. has had a very tough season. It has been open season on the C.B.C. Everyone has taken a pot shot at it on the wing or in the bush. Apparently every newspaper felt free to do so, as is its right, as did many individuals. I sometimes wonder whether the advertising dollar and the division of it may not influence to some extent the not entirely friendly criticism which sometimes comes from the press. After all, their share of the advertising dollar will be smaller because as additional stations are licensed there will be greater competition. But as I said at the beginning and say again, I want to pay my tribute to the men and women of the C.B.C. who through very difficult days for the most part—with some exceptions—have been loyal to the corporation and have done a remarkably good job. I emphasize again loyalty to the corporation, because this corporation must exist as a corporation and those who are associated with it must have pride in it and show their loyalty to it. I am sure of that being done.

It has been a most unfortunate occurrence that Mr. Ouimet has had a long and serious illness, but we are all glad to hear that—at least according to the present advice of his doctors—he will soon be able to return to his office. In fact he intends to return to his office some time in August. Mr. Bushnell wore himself out in the interests of this corporation and worked harder for it than any other man I know. After a short rest I hope he will come back. I am confident that this corporation will continue to make in future the contribution to Canada which it has made in the past.

Someone has referred critically to the committee because in its report it referred to matters of administration. I think it was the hon. member for Bonavista-Twillingate. Although I am not in a position to judge, I do know that most editorial comment in Canada—I said editorial comment; I am not quite sure whether it was biased—agreed with the criticism of the administrative weaknesses in the C.B.C.

Mr. Pickersgill: Would the minister permit me to say that I said there was no evidence produced before the committee. I direct his attention to the word "evidence".

Mr. Nowlan: Well, whatever the administrative weaknesses are, I am glad to see that the directors and the executive committee have taken cognizance of them, and I hope that whoever is responsible for piloting these estimates through the committee a year from now will find that next year has been a more stable year than the past year and that these difficulties have been resolved.

Mr. Pearson: May I express the hope that a year from now the minister will still be piloting these estimates, through the commons. However, in order not to have any misunderstanding about the position, a misunderstanding which might be left in view of what the minister has said, may I make it quite clear that when we support a formula for income for the C.B.C. we do not mean a formula which would prejudice parliamentary control of expenditure in any way. We mean by a formula the kind of thing which was recommended by the report of the Fowler commission, which was set up by the previous government and which was the reason no action was taken earlier; a commission which recommended three types of formulae to deal with the changing situation in broadcasting.

Mr. Carter: Before the item carries I want to put one or two questions to the minister. Would the minister inform the committee of the names of the present members of the national religious advisory council, which I believe is a body outside the C.B.C. which advises the C.B.C. with respect to religious broadcasts? My second question is this. Is

there a similar body inside the C.B.C., and if so who are its members and how is liaison maintained with the national body? If there is no similar body inside the C.B.C., perhaps the minister could tell the committee who determines the nature and content of religious programs.

My final question, Mr. Chairman, is this. Would the minister draw to the attention of C.B.C. management the fact that a great many Canadians all across Canada would like to have the program "Morning Devotions" restored to its original length and form, particularly since the five minutes taken off is now being filled in with music?

Mr. Nowlan: I will be very glad to draw that matter to the attention of the corporation. I am afraid I have not here the names of the personnel of the religious council to which the hon. member referred. There are one or two officers in the programming department who, in consultation with the the religious council, lay down religious programming.

Mr. Fisher: I wonder if the minister has any information from his officials about the cancellation of a drama from Winnipeg dealing with a political topic, which program has been either deferred or cancelled because of its nature?

Mr. Nowlan: I heard a rumour to that effect last night. I have checked with my officials, and they know nothing about it.

Mr. Fisher: My second question, Mr. Chairman, is this. Can the minister tell us whether he is going to continue to try to get himself relieved of this particular part of his responsibilities?

Mr. Nowlan: That depends. If pressures of work keep on increasing in the Department of National Revenue as well as this department, I may just have to be relieved of something because I cannot carry it.

Mr. Fisher: If the minister does push that in this way he might be able, by following the proceedings in the House of Commons committee on broadcasting, to discover that there were one or two members of his party who seemed to have a real national conception as to what the C.B.C. has to do, and those members might very well be worth recommending to take over this chore that the minister wants to get rid of.

Mr. Nowlan: I can tell the hon. member that out of the 211 Conservative members of the House of Commons at least 200 would have the same idea of the service of the Canadian Broadcasting Corporation that he has, and the hon. member has no monopoly of affection for the C.B.C., or of desire to serve.

Item agreed to.

44. Grant for the capital requirements, including the replacement of existing capital assets, of the radio and television services, $9,197,000.

Mr. Pickersgill: I would like to ask the minister if the corporation has given consideration at any time during the present calendar year to the acquisition of a television studio in Montreal, by means of an arrangement to have it built for them and leased to them, and if he could give some details about it?

Mr. Nowlan: I have not the details here, Mr. Chairman. The corporation was apparently giving consideration to the construction or acquisition of a building in Montreal to which I referred before the committee the other day. This matter came before me in the regular way as the minister who had to sign the recommendation because it involved an expenditure of over $100,000. I questioned that expenditure, as is now the policy—that was the first time I did so, because apparently I had overlooked it—and I said that I was not recommending any more expenditures unless they were approved by the board of directors. It does not necessarily follow that if I recommended it to the board they would approve it, though I should hope they would. I intended to ask about that matter yesterday, but I forgot to bring the papers down with me. The matter was referred to Mr. Dunsmore, the chairman of the finance committee of the board, but to date I have not heard any further.

Mr. Pickersgill: Might I ask the minister if it is the opinion of the corporation that such a building for a television studio is required in Montreal?

Mr. Nowlan: I know the board has been giving consideration to it and there have been discussions with management and the directors, but I am not sure what decision has been arrived at.

Mr. Pickersgill: Has the minister been advised that there was a definite letter of intent signed by the president of the corporation to a certain corporation in Montreal authorizing them to go ahead with this project subject to approval by the governor in council?

Mr. Nowlan: I was advised, or rather I read that in a letter which I received from a member of the House of Commons who pointed it out to me. I have not been advised in any other way, although I inquired a

moment ago and was told that such a letter of intent was sent; but it was stated that it would, of course, be subject to the approval of the governor in council.

Mr. Pickersgill: Is the minister aware whether it is the custom for letters of that sort to be sent and to be acted upon on other occasions?

Mr. Nowlan: I understand it was the standard wording, the letter which was sent out.

Mr. Pickersgill: Does the minister think it is a very wise practice, in view of the requirement that the governor in council must approve, for the president of the corporation to make commitments which would to the average businessman, I think, create the impression that he could go ahead? Otherwise it would not appear to have much point at all.

Mr. Nowlan: I do not know whether my opinion is very important on this matter, Mr. Chairman. Normally I think he would not send out such a letter unless he were assured it would at least be approved by the board of directors.

Mr. Pickersgill: In view of the fact that such a letter was sent and, as I am informed, very considerable commitments were made on that account, would the minister feel or would he not feel that some account should be taken of those circumstances if for example two propositions were before the board which were otherwise of equal or virtually equal acceptability?

Mr. Nowlan: I would hope that the board would give it very careful consideration.

Mr. Pickersgill: Quite. Would the minister, the circumstances having been drawn to his attention—I prefer not to mention the name unless the minister wants me to—give an undertaking that if a recommendation to erect a building for television studios comes before him he will look into those circumstances I have mentioned? Will the minister give us that assurance.

Mr. Nowlan: Yes, Mr. Chairman.

Mr. Hellyer: Could the minister tell the committee whether a site has been chosen for the new C.B.C. central office in Toronto, and what plans have been made for constructing a new broadcasting centre there?

Mr. Nowlan: No decision has been made as to the location. Officers of the corporation have been looking over properties within the last two weeks. The matter is now under close study to the end that a decision may be reached.

[Mr. Nowlan.]

Mr. Fisher: In the committee we heard evidence from the director of engineering to the effect that there will be nine television relay stations or extensions or satellites and some 20 low power relay stations constructed. The request I wish to make to the minister, to pass on to his officials, is that information of this kind be distributed as soon as possible. In many parts of the country it is important that this information be made available as soon as possible in terms of private arrangements that may be under consideration. I would like to ask the minister if he can ascertain from the officials now before him what will be the earliest we can hope that this information will become public knowledge.

Mr. Nowlan: I do not know, Mr. Chairman. I am not at all certain that some of this information should become public knowledge. These are matters for study and consideration. The corporation would have to give careful consideration to these questions.

Mr. Fisher: I suggest it should become public knowledge, because a number of communities in this country have to consider whether or not to make what in many cases are inordinate expenditures in order to prepare for these radio or television facilities. If the C.B.C. has a five-year program, within the limits of population change it should be able to spell out these projected television stations and low power relay stations and state where they will be located. I understood from the reports we had that this information would be available at some time, and I should like to know at what time.

Mr. Nowlan: I have no idea, Mr. Chairman.

Mr. Pickersgill: Mr. Chairman, I hope the minister is not falling into the egregious error that the Minister of Northern Affairs and National Resources did the other day, and suggesting that information about these extensions should be kept secret.

Mr. Nowlan: Oh, no, Mr. Chairman, I did not mean that. I intended to suggest that until decisions are made it would be unwise to have this information become public knowledge. I understand that the matter is under study. Many factors enter into it in terms of population and other things, and only a limited number can be built in any one year. I meant to suggest that until a decision had been made it would be unwise to give publicity to these things. I understand that a decision will be arrived at within the next five or six months.

Mr. Pickersgill: Mr. Chairman, I trust the minister will not consider it necessary to telephone the premier of Ontario to get permission to make an announcement.

Item agreed to.

LEGISLATION

The Senate—

The Speaker of the Senate—

174. Allowance in lieu of residence, $3,000.

175. General administration, $722,090.

Mr. Chevrier: Mr. Chairman, as the committee know there are a number of items which are of particular interest to those of us who sit on this side of the chamber. While I know it has been the custom to allow most of these items to go through unchallenged—and I would reassure Mr. Speaker at once that it is not my intention to oppose any of them—there is a matter about which we are somewhat concerned on this side. It has to do with the secretaries normally assigned to some of us during the non-sessional period. Before I launch into any discussion of our position with respect to that, I wonder if Mr. Speaker would be so good as to tell the committee what he has in mind in connection with that situation as far as we are concerned.

Mr. Fisher: Before the Speaker does so I wonder if he could give us a report on the results of the investigation he had carried out by the officials of the civil service commission on the more general topic of secretaries and the facilities offered to members.

Mr. Speaker: Perhaps I could make both those observations together. First may I say the pool system of secretarial assistance for members of the House of Commons has gradually altered in character over the years. We have come to a system whereby all the secretaries are now assigned to the service of individual members. That is a basic change in the former method of operation.

As hon. members will see, the vote for secretarial assistants provides for five secretaries who are called permanent and who are actually civil service appointees. It provides for 33 full time and for 140 sessional employees. The complement at present is in excess of that number both in so-called full time and in sessional secretaries.

In an effort to meet the requirements of the members for more and better secretarial services we went beyond the estimate and have had authorization for the sessional part of that increase. We have today a total of 192 secretaries of all three categories serving members of the house. Of this number approximately 50 were continued in service during the last recess. That was in excess of the authorized vote. It was warranted perhaps by the fact that the last session continued on into September. There was a shorter interval for holidays, and additional secretarial staff was taken on during that recess to give the full holidays that were due to the secretarial staff. In any event we went beyond our authorized numbers.

The problem I was faced with as this recess approached was to keep within the vote which hon. members have before them, because it was obviously not proper procedure to have on the staff more than the House of Commons authorizes to be paid.

In consultation with all three parties we agreed on a quota basis for each party based on the number of members to be served, and divided the 33 full time positions among the parties, making allowance for some special cases. The agreement was that there would be 24 for the government side, 9 for the Liberal party and 1 for the C.C.F., plus 2 for the office of the leader of the C.C.F. It was my arrangement with the whips that they were to indicate which of the secretaries on the staff would be required during the recess, having regard to the members they were to serve.

That is the basis on which the problem has been met. It obviously means some changes among people who were previously continuous, and it means also the addition of people to the continuous staff who were not formerly continuous, and an adjustment is being made as best can be done within the limits of the funds available.

This is a continuing problem. As all members know, this session we instituted a study not only of the best secretarial arrangement which could be devised to suit our particular needs in the House of Commons, having regard to the recess and members' requirements during recess, but also of the other office arrangements, and that report has been received and is quite interesting. It points in the direction that I have favoured myself, that is reaching the point where we will have a secretary for every member of the house. But we have not reached that stage yet, nor have we enough accommodation; but that I think is the indicated need at the present time having regard to the responsibilities of members.

I should like to read one paragraph of the recommendation which to me affords a reasonable solution in the future of this question with which all members have been concerned. This is the report of the survey of the secretarial services and office facilities of the

house provided by the organization and methods service of the civil service commission. It is dated June 1959, and I am reading from the summary of conclusions on page 37, as follows:

> That the plan to provide supervised, small groups of stenographers in offices located close to the members served, and restricted to individual political parties, would be the most effective secretarial system for the House of Commons, and that such a service should include provision for telephone answering, dictation equipment, and allied services.

That confirms the view that many people have expressed that the pool system is antiquated, and that it is desirable now to move to a system for an individual secretarial service close at hand and so arranged that the secretary, when the member is out or when the member is there, can be in a local pool, so to speak, and have facilities for answering the telephone and giving that service as well as acting as a secretary. I think that generally covers the point.

Mr. Chevrier: Mr. Chairman, I think the committee will be grateful to His Honour the Speaker for the statement he has just given and also for the position as outlined in the survey concerning future secretarial assistance for members of the House of Commons.

There are one or two observations which come to my mind. The first is this. I wonder whether the Speaker would not give consideration to letting the members of the house see the survey from which he has read. I do not mean that it should be a part of the record of *Hansard*, but I think all hon. members would be interested in getting a copy of the survey. Perhaps it could be mimeographed and circulated, if His Honour thinks that would be proper.

Now let me deal with the other matter to which His Honour referred, namely the meeting which was held by the various groups in order to arrive at a decision that would apply during the non-sessional period. I believe that what the Speaker indicated on the whole is the agreement that was arrived at, but there is one thing as it affects this side of the house which I would like to bring to his attention, and I wonder whether he would give it a little more active consideration. It is this. Following the election of 1957, there was an agreement that the eight members of the former government were entitled, or would be entitled, to a secretary, whom they would take from the offices which they then vacated, the intention being that the secretaries who had been employed in the various departments of the former ministers should be assigned to them in the opposition with a salary to be fixed by the house.

[Mr. Speaker.]

That was confirmed by agreement. It was contained in correspondence between my hon. friend the member for Bonavista-Twillingate and the Prime Minister. That arrangement has been carried out with but one exception. While I am not free to mention names, and it would be my last intention so to do, I think His Honour knows what I have in mind. There is that unfortunate position in so far as we on this side of the house are concerned. I wonder whether the Speaker would be good enough to take another look at that situation, because we feel that here is a person who left permanent employment at a fixed salary and came over with a former privy councillor to the opposition side of the house. Now that person is going to be without employment during the recess unless the Speaker is good enough to see that she is assigned to someone during the recess.

Having said that, there are just one or two other matters that I would ask the Speaker to give consideration to, and they are these. I know—I am sure—that during the course of the recess it is impossible for the Speaker and those responsible with him for this work to find employment for all the secretaries and stenographers who were taken on during the sessional period, but there are some cases which frankly are pretty serious and are of an emergency nature. I have before me here a number of such cases. I would not like to do other than mention them in a very general way because otherwise they could be identified, and I am sure that is the last thing the committee and the Speaker would want me to do in the circumstances. But I would like to bring to his attention the fact that I know of several cases where these stenographers have reached an age where it is not possible for them to find employment during the recess.

Furthermore, I know that all these cases that have been brought to my attention but one are in this position; that if they are not given employment during the recess period they will be in a pitiful position in so far as, first, their children are concerned; second, their mothers are concerned; and, third, their personal livelihood. Having said that, I know I have said enough so that the Speaker realizes what is in my mind.

Knowing, too, the disposition that the Speaker has made in cases such as these, the very sympathetic manner in which he has approached this whole problem from the beginning, I am sure he will want to give it careful consideration. I ask him on behalf of those who have received representations from this side to take another look at this case of the individual who thought she would have permanent employment when she left a

government department. Then there are several cases, which unfortunately I cannot identify, of stenographers who will suffer seriously if they are left without employment, particularly when there is no notice given to them that their services are about to end. I understand from the Speaker that there is a 30-day notice in most cases. I know of one case where there has been no such notice, and where it has been indicated that she will have to vacate her position the moment the session is prorogued.

I would draw this final point to the attention of the Speaker. In the United States congress, with which I am sure he is as familiar as most of us, if not more so, the situation is not at all similar to the one here. While I know there are difficulties, it seems to me that no one should be allowed to suffer if that can be avoided. I leave the matter in the hands of the Speaker, content and satisfied that he will want to give it his most careful and sympathetic consideration.

Mr. McIlraith: There is one very brief comment I should like to make arising out of the remarks of the Speaker. I will relieve his mind at once by saying that it is not by way of criticism at all but merely to make a suggestion which I hope will be helpful in dealing with what of necessity is a difficult and delicate problem which must have caused him real concern. It has to do with his statement as to the apportionment of the secretaries among the parties.

There is within that problem a regional problem, and a mere apportionment in the way he described to the committee is capable of being somewhat misleading. Bearing in mind the regional problem that exists in the immediate Ottawa area, and bearing in mind the proportion of members of one party or another within that region at any given time, it could put the balance out of line unless that factor is recognized when arriving at a figure as among the parties. If hon. members will consider the regional representation over the last year, when it has been four to one, they will see how that can distort the results. I put this forward with the intention of it being a helpful suggestion.

Mr. Herridge: Mr. Chairman, on behalf of my colleagues I want to express my appreciation for the consideration the Speaker has given to our representations, complaints and requests for adjustments throughout this session. While naturally the Speaker could not always comply with our many requests or correct all our complaints we appreciate everything he has done to try to make our secretarial and staff work as efficient as possible.

I might say before proceeding that I want to support the remarks of the hon. member for Laurier with respect to those members of the staff who find themselves in difficulties at the end of the session as far as employment is concerned, largely on account of age and so on. I listened with interest to the report the Speaker gave with respect to his survey. I was very interested to hear him speak of working toward the objective of each member having his or her own secretary. I think that is very necessary. Indeed, I look forward to the time when each member will have his or her own office and secretary. In my opinion that is the only way we will have efficient functioning of the secretarial activities in this building. I can readily see from the Speaker's report on the survey and his remarks that he has given serious consideration to improving the efficiency of the secretarial work and staff as far as the House of Commons is concerned.

Before I sit down I must express the appreciation of my colleagues for the devoted service of the staff in this building, the protective staff, the public works staff, the secretarial staff and the cleaning staff. I might say that I often meet the ladies of the cleaning staff when I get here about 7.30 in the morning. The hon. member for Ottawa West is accusing me of something of which I could not possibly be guilty. I hear the various complaints of these ladies, and in that respect I suggest that some consideration might be given to changing their hour of arrival, because apparently they have to arrive half an hour or an hour earlier than is necessary to complete their work in the building before the members arrive. I must not forget the nurse who has treated me very satisfactorily on several occasions during the session for minor ailments, and also some of my colleagues as well.

Before leaving that point, I do want to say that we appreciate the work of the *Hansard* staff, which is particularly trying under these circumstances and has been during the last month. They are kept here for long hours at a type of work that requires concentration and application, which is very tiring indeed. I think we should recognize the good work they do. I remember being told two or three years ago that the *Hansard* amanuenses do not get any overtime, and that on one occasion the house prorogued at noon on Saturday and they were paid until noon on Saturday, after working until 11 and 12 o'clock several nights prior to prorogation. I hope the Speaker will be more generous in that respect should such a situation arise this session.

Before concluding I do want to suggest that we have to give some consideration to planning our sessions to better advantage. The way our sessions are handled at the present time is most inconvenient for the majority of the members. There may be a few gentlemen of the legal profession who find it more satisfactory, but I do not see why a dozen or so of these gentlemen should influence the handling of the sessions of the house. There are a lot of farmers here and many other people who have to get out and earn their living. I suggest that we should give some consideration to having our sessions commence on October 15, continue until December 15 and adjourn until January 15 with the aim of proroguing around June 15. In that way we could do our work much more efficiently, plan it to better advantage, and leave the summer months for visiting our constituents and things of that sort.

I have one more thought I wish to express before I sit down. We all know the anxiety to conclude this session today. That is one reason I am denying myself the opportunity to speak on a number of things on which I should like to have spoken, as other members are also doing. But I think we could do a great deal toward a better ending for our session if the whips of all parties would get together a month before the end of the session and commence doing then what we have been doing in the last three days. I think that would make for a much more satisfactory conclusion. We would then all know when we would likely be able to leave, and we could make our reservations.

Mr. Pickersgill: Mr. Chairman, before the Speaker replies I should like to say a word about one precise point made by the hon. member for Laurier. As he indicated I, at Mr. St. Laurent's direction, wrote a letter about this situation to the Prime Minister on the last day he was leader of the opposition. There was one aspect of the letter that may not have been as explicit as it should have been, but that was followed by certain conversations with the Speaker's predecessor and with an official designated by the Prime Minister to deal with the matter.

There was a very clear understanding that the eight secretaries who came here would be not permanent but on the continuing staff, and that treasury board would increase the appropriation temporarily for that purpose and let it run down again as others retired. It would be, I think, very embarrassing—I do not want to use any extravagant language —if any of these eight persons, so long as they give satisfactory service, of course, was prejudiced because they could have had positions in the public service of a continuing nature.

Mr. Speaker: I take it this is probably the only general discussion there will be. I should like to thank hon. members, not only for the kind things they have said, but for the constructive suggestions that they have made. It would be of interest to discuss some of these problems at greater length, but this is not the stage of the session to do so. I am glad hon. members take the opportunity of coming to me with these administrative problems during the session, and I hope most of them can be settled and dealt with in that way. We, unfortunately, have to work within the limits of the estimates which are before us. I appreciate particularly the problems which have been mentioned of the sessional and continuous stenographic staff. I have been personally much concerned about them and I am concerned about them now. I believe hon. members will find the arrangements which are being made satisfactory.

It was, perhaps, an excess of amiability which got us into trouble last year in making the arrangements to which the hon. member has referred for the service of former ministers, of local members, and in meeting the reasonable requirements of the members for assistance during the recess. In this way we got our recess staff 12 above the number which was provided for in the vote. I am hopeful that this problem is a temporary one. The report which has been made, I think, points the way to improvement. I shall be glad to have this report circulated. I am indebted to all hon. members who assisted in the investigation and who wrote letters giving their views. They point clearly to one course, an individual office and an individual stenographer for every member of the house. So far as I am concerned, that is the direction in which we should go and the direction in which I am going in so far as I have to do with it. As I say, we have at this moment to work within the estimates before us and I shall do the best I can within those limits to meet the problems which have been pointed out.

I should like to add a word of appreciation to the staff here. We are well served in this house by our temporary and our permanent staff, sometimes under conditions which we find trying ourselves and I am sure must be even more trying for others. If there are other points to be raised, I shall be glad to consider them.

Mr. Howard: The comments I have to make would more properly come under items 182 and 183, but I understand this is a sort of

general discussion period, so I shall make them now. Apparently one of the almost universal questions that is asked, especially by visitors who come here not only from Canada but other countries, relates to the young gentlemen who are our page boys. I have wondered about it for some time, as I am sure other members have. I think it might be most enlightening, certainly to some members of the house and to the general public, if Mr. Speaker were able to relate some of the educational facilities for our staff of young gentlemen who are our page boys, so far as their formal education is concerned.

I would suggest one other thing for consideration of His Honour, if I may. I refer to the difference in salary structure between the protective staff and the messenger staff. If one looks at the items listed in the detailed section of the blue book, one sees that the difference in salary structure ranges somewhere in the neighbourhood of $1,000 a year. I would suggest this might be a matter for consideration, the bringing of the salary structure of the messenger staff more closely in line with that of the protective staff. The question of responsibility is not the one on which we should make a comparison. In so far as work is concerned, the moving about of equipment and things of that nature, the messenger staff performs a prime function in connection with the efficient operation of the house. May I suggest that might be one question taken into consideration, to bring the messenger staff salary structure more closely in line with that of the protective service.

Mr. Speaker: I would just say one word about the page boys. All hon. members know that these young lads who serve us here cannot avoid having their formal education interfered with as a result of the service which they give here for remuneration. I am hopeful that they learn other things here which will stand them in good stead in the future. I have a complete report on our page staff for the present session and I find that all of them are reasonably well advanced in their school year, having regard to their school age, so we are assured to some extent that we are not robbing them of their education. I am afraid that these morning sittings starting in June will have caused some setbacks to some of the boys, but I understand these boys do not intend to continue school in any event.

Item agreed to.

The Deputy Chairman: This completes the estimates of legislation, and we shall now take up health and welfare.

NATIONAL HEALTH AND WELFARE

238. Departmental administration, $1,601,785.

Mr. Monteith (Perth): Mr. Chairman, may I start out by suggesting that it would be very kind of opposition members if they were to treat me as kindly as they did Mr. Speaker. Of course, that is probably a little too much to expect. I have a statement, Mr. Chairman, and if hon. members so desire I would be glad to make it on the opening item of the department. I might point out that actually I propose to make a further statement on civil defence when we come to that item. I am in the hands of the committee. If, due to the special situation that seems to prevail today, hon. members do not necessarily wish me to make any remarks on the opening item of this department, I would be pleased to forgo them.

Mr. Martin (Essex East): I believe the minister has not got a very long statement, and this is a rather important department.

Mr. Monteith (Perth): You should know.

Mr. Martin (Essex East): As the minister says, I should know. I think the expenditures involved are so large and so many important matters are involved that some statement should be made.

Mr. Monteith (Perth): As hon. members will note from the blue book, we are budgeting for an expenditure of $1,393,340,528 for the 12-month period ending March 31, 1960. An additional amount of $7,220,817 is provided for civil defence purposes.

Of our over-all expected outlay of roughly $1.4 billion, 94 per cent covers statutory items including $577.6 million to be expended from the old age security fund. Only 6 per cent or $92 million represents items to be voted by parliament.

While our total estimates embody an increase of over $220 million as compared with the past fiscal year, non-statutory items show a decrease for the first time in eight years. Amounting to $1.3 million, this decrease relates chiefly to a reduction in estimated expenditures under the national health grants. I want to emphasize that there has been no reduction—nor is any contemplated—in the funds available to the provinces through the grants. The lower estimate simply represents an appraisal of actual provincial needs during the fiscal year.

The largest increase in expenditures arises from a new statutory item in our estimates, that is, federal payments under the Hospital Insurance and Diagnostic Services Act. Running to $160 million, this item represents 72.7 per cent of the total increase in statutory outlays. Other increases in statutory items

include: $25 million for family allowances, related primarily to population growth; $22,600,000 for old age security pensions, reflecting the growing number of persons 70 years of age and over; $2,700,000, $2,200,000 and $300,000 for old age assistance, disabled persons allowances and blind persons allowances respectively, reflecting the anticipated increase in persons eligible for benefits under these programs; $8,960,000 for unemployment assistance, related largely to the effects of the removal of the threshold governing federal sharing under this program.

In addition to giving this general outline of our proposed expenditures for the present fiscal year, I might touch on a number of aspects of the department's operations which strike me as particularly significant.

On the health side, there is the hospital insurance plan which has now completed its first full year of operation in five provinces. I know that hon. members will be pleased to learn that this important and complex project is working out extremely well. While certain problems have been encountered, the over-all picture has been one of smooth and orderly development. In fact, as I told the recent biennial meeting of the Canadian Hospital Association, I think it is fair to say that the program has come through its immediate post-natal period with flying colours.

To my mind, what has been achieved in this matter reflects great credit on Canada's health team. In particular I would mention the excellent co-operation that has been extended to us at the federal level by provincial ministers and their officials. This has been a key element in the successful launching of what is probably the most ambitious and far-reaching health measure ever undertaken in Canada.

At the moment, the hospital insurance program covers nearly 12 million Canadians in eight provinces, New Brunswick's plan having commenced on July 1. As I have already announced to the house, we are also ready to sign an agreement with Prince Edward Island but, at its request, this has been put off until July 20. The plan itself is scheduled to go into effect on October 1. In addition, preparations are going ahead in the Yukon and Northwest Territories, and both hope to have plans under way early in 1960.

With respect to costs, I am encouraged by the fact that these have been running about as expected. While final calculations of federal payments for 1958-59 have yet to be made, the pattern of our monthly advances to the provinces has been most favourable, corresponding in large degree to prior estimates. As of March 31, federal advances totalled nearly $55 million as against the estimated figure of $60 million for 1958-59 which appears in the blue book. Since these advances were based on preliminary returns from the provinces, it is likely that final payments will be even closer to our forecast.

Continued progress has also been made in another important federal-provincial health measure. Now in its fourth year of operation, the Salk polio vaccine program has provided protection to nearly 7 million Canadians, both children and adults. Among those covered recently are many members of this house, of the other place, and of the parliamentary staff. In this connection, I should like to express a word of thanks to the doctors in the house for their initiative in setting up and carrying out their own immunization program. My department has, of course, been only too happy to supply the vaccine for this purpose, and I understand that over 900 inoculations have so far been administered.

Turning to the welfare side of the department's operations, the outstanding highlight of the past year was, of course, the completion of the Clark report on "Economic Security for the Aged in the United States and Canada". I am sure all hon. members will agree that it represents a most comprehensive study of the subject. As far as the government is concerned, we consider that Dr. Clark has carried out a very difficult assignment with great distinction, and are gratified at the favourable reception which has been accorded the report throughout the country. At this stage, I can only say that it is being studied closely by the government.

Another development of note is the entry of the province of Quebec into the unemployment assistance program which I announced to the house earlier this month. Under an agreement signed on July 1, Quebec becomes the tenth province to participate in this important social welfare measure. Unemployment assistance has proved of great value in other parts of the country and the dominion government is naturally pleased that the people of Quebec will now be in a position to share in its benefits.

Since this event occurred subsequent to the preparation and tabling of our estimates for the current fiscal period, it may be expected that federal unemployment assistance payments to all ten provinces—including Quebec—will be somewhat in excess of the $20,960,000 figure shown for 1959-60 in the blue book.

I mentioned earlier that I proposed to make a statement on civil defence when the item comes up for consideration.

In conclusion, Mr. Chairman, I want to express my sincere thanks to the officers and

staff of the department. With the passage of time, I am increasingly mindful of what their skill and dedication to duty mean to our very extensive operations.

Mr. Martin (Essex East): Mr. Chairman, the minister concluded his statement by paying a tribute and expressing his gratitude to the officials of the Department of National Health and Welfare. I should like to join him—not that I have any right to do it at the present time except for their collaboration during the period when I was their minister—knowing them as I do, in a tribute to a remarkable group of pubic servants who have made a great contribution in this department both on the health and on the welfare side, and as well as in civil defence.

The minister has suggested that as we were kind to the Speaker who preceded him in the discussion of the latter's estimates—I refer to the discussion of the Speaker's estimates—that he would hope that he would get similar treatment. I can assure the minister that there is no necessary contradiction between kindness and constructive criticism. He can be assured that he will be treated in any event with great fairness.

I want to say to the minister something which I would have said last year if I had been here for the discussion of the estimates of this department, and that is that, as the former minister, I appreciated and I continue to greatly appreciate what I understand from all sides is the generous and fair way in which the minister has treated members of the department, particularly those in my own office.

The minister proposes to make a statement when we come to the civil defence item, and of course I cannot say anything about that at this time except generally to comment on one or two matters which I believe should receive attention. As the minister has pointed out, most of the expenditures in the Department of National Health and Welfare are of an uncontrollable type; that is to say, they are either statutory or they involve services in connection with which there could be no governmental or ministerial interference, certainly in the latter case without causing the greatest hardship and dislocation. In respect of the non-statutory items totalling something in the neighbourhood, I think the minister said, of $92 million, the decrease which he called our attention to arises out of a decrease of around $1 million in the national health grants. This decrease in turn was because the provinces, either collectively or individually, did not require certain assistance which theoretically is open to them under the national health grants vote. The minister has given us the assurance that this did not in any way mean an impairment of the assistance parliament has authorized the federal government to give the provinces to supplement their efforts to maintain the excellent health services which prevail in all of our provinces in varying degrees.

I would be very interested when we come to the particular item to learn exactly in what grant the decrease has taken place. Likewise when we come to that item the minister could possibly give us a more detailed picture of the operation of the health grants which, as he knows, were established, among other reasons, for the purpose of laying down a very necessary foundation for the system of hospital insurance that has now been so successfully undertaken in this country. I am sure the minister with two years of experience now will agree that these grants have greatly assisted the provinces in carrying out work in the field of public health, work that could not fully have been discharged by them but for the assistance that was given to them by the government of the day some 11 or 12 years ago. These grants, which as I say were not necessarily conditional on the establishment of hospital insurance, were a necessary prerequisite to the setting up on a basis of co-operation with the provinces a system of hospital insurance that has now been undertaken so successfully in Canada.

The minister mentioned the Salk polio vaccine of which some 7 million Canadians have now been recipients and who are enjoying the advantage of the discovery of Dr. Salk. If it had not been for the national health program, for the moneys which were available at the will of the federal government, this program would certainly not have been as successful in Canada, and many of the provinces would undoubtedly not have been able to take advantage of the arrangements which were made at the time by the Department of National Health and Welfare. The minister has mentioned that the beneficiaries of this Salk vaccine program are not confined to young children, but that adults may benefit as well. I would be interested at some time during the estimates to know exactly to what extent the federal government participates in the administration of the Salk polio vaccine to adults, and whether the financial sharing formula is the same as prevailed two years ago with respect to young children.

The minister has a research grant under the national health program, and that research grant was able to play its part in the development by Dr. Salk himself of the Salk polio vaccine. I was interested the other night when the estimates of the national

research council were being discussed to note that in the annual report of the national research council no reference was made by that body to the participation by the national research council in the assessment and judgment formerly made by the national research council with respect to applications for research projects submitted to the Department of National Health and Welfare.

Am I now to understand that the practice is that with regard to grants made by the federal government through the Department of National Health and Welfare under the national health program for research, the department, in collaboration I presume with outside professional and scientific advisers, makes this decision by itself? Or is it the case that the national research council still participates or collaborates in making awards for research grants to the provincial governments and to the universities and individuals in Canada?

The minister is the administrative head of a department which I am sure will increasingly play a very important part in the development of the health services in our country. It is a matter of the greatest satisfaction to know of the progress that has been made in the development of the hospital insurance program. I need not emphasize my own interest in this program. That must, I take it, be apparent. But I do have a special interest in a program that I know does and I always felt would play a very desirable part in the building up of health services in this country, guaranteeing hospitalization and diagnostic services to many hundreds of thousands of people who would not be able to have these services, at least to the same extent, unless there was a distribution of the cost on an insurance basis shared by a maximum number of the Canadian people. The minister has mentioned that eight provinces are now in the scheme and that we expect on Monday next that an agreement will be signed between Prince Edward Island and the federal government, bringing to a total of nine the number of provinces that will be part of this nation-wide scheme of hospital insurance.

I understand that one of the recent subjects of controversy between the federal government and Prince Edward Island had to do with the question of compulsory coverage. That has now been resolved and I am very happy to join with the minister in noting that the ninth province has come into the scheme. I think this result, now almost universally accepted throughout Canada, is an indication of how groundless the fears were of so many people in this country who said when hospital insurance was proposed that we were embarking on a dangerous adventure in Canada; that we were creating further dangers in a growing, all-powerful state.

The fact that in the province of Ontario within a very short time over 90 per cent of the people willingly subscribed to hospital insurance without any compulsion, and that there is now such a deep satisfaction with respect to this measure all over Canada is, I say, a good indication of how groundless these fears were and how absurd the contentions were on the part particularly of certain great newspapers in this country that alleged this was something that Canada could not afford. They said this was the kind of paternalism or participation by the state in matters that could be well left to the individual.

The great success of this hospital insurance plan will, I am sure, be an indication of what can yet be done to bring further health care in Canada within the reach of a maximum number of our people whether or not they are in a position personally to meet the cost involved in the advantages of scientific and medical progress at the present time.

In this matter I feel there is still great room for further development and for further insurance schemes that will bring not only hospital care but the advantages of the scientific achievements of medical science in our day to a maximum number of our people in co-operation with the provinces.

I would also be interested in hearing from the minister the extent to which provinces not now having committed themselves to the diagnostic services grant under the hospital insurance program for out patients have changed their position. In the province of Ontario I believe there is room for further participation by the government of that province in the financial opportunity for further assistance given under these grants to provinces that are willing to use the moneys that are being made available for diagnostic services for patients outside as well as in hospital. This, as the minister will know, was regarded by some experts in this field, as the first thing that should be done prior even to the setting up of hospital insurance.

I would hope that the participation by the province of Quebec in the unemployment assistance program of the federal government would be an indication of the determination of that province to join with the other provinces of Canada in the participation in this hospital insurance scheme that has now been born and that gives every evidence of the most successful operation. Of course, it is

for the province of Quebec itself to decide whether or not it is going to participate. There can be no compulsion on the part of the federal government. Certainly there would be no constitutional justification or opportunity for compulsion on the province of Quebec or any other province. That is a matter the provinces themselves must decide. I have always felt, and I am sure the minister will agree with me, that the closest examination of what the federal proposal means is of such a nature as to be most persuasive in impressing on any province the desirability of participating in this measure. I hope that the minister, consistent with the rights of the province and their constitutional position, will resort to every method at his disposal to try to persuade the province of Quebec to accept this and to make the scheme fully nation wide.

There is nothing more I want to say on the health side at this time. The minister has under his jurisdiction, of course, the responsibility of recommending to the government the broad lines of social welfare policy in Canada on federal account. We have been able, in co-operation with the provinces and in co-operation with private welfare organizations and on our federal account alone to develop in this country a far-reaching scheme of social welfare and social security. In my judgment this has not in any way impaired individual initiative, but recognizes that in this complicated period in which we live certain things cannot be done by individuals alone or by the provinces alone, and that certain great social welfare measures can be achieved only by participation in one form or another by the federal government. We need not take second place to any country in the achievements that we have been able to effect in this country in the field of social welfare. I would hope that the government would share the view held by hon. members of this party that all has not yet been done.

For instance, I believe that sickness insurance—and in that connection there is a resolution in my name on the order paper—represents one of the further fields concerning which we might give consideration. This is a matter which I hope the minister is studying carefully because it is another question closely connected with the health activities of his department.

The minister referred to the fact that the Clark report had been tabled in this house since he last presented his estimates. On this subject I find it necessary to be more critical of the government than I have been in anything I have said up to this moment. It will be recalled that in January of 1957 the Prime Minister announced to the house that the government felt something had to be done to bring within the reach of Canadians the benefits of the United States old age security and survivors program. Much encouragement was given by the Prime Minister before and during the subsequent election in 1958. He gave the impression that the Canadian government was not only going to make certain modifications with respect to existing welfare measures but was going to go further and see to it that this program in the United States was adopted in Canada; giving the impression at that time that the United States program was superior to anything we had in Canada and certainly also giving the impression that whatever merits might attend the existing old age security program in this country it would be well to supplement that program by the system of old age security that prevails in the United States. And so the Prime Minister anticipated this situation when he observed in this house on November 9, 1957:

> We in this government and party intend at the earliest possible date, in addition to the present pension systems, to give full consideration to investigating the insurance system in the United States to the end that we will bring about in Canada a rounded and effective contributory social security system over and above that which already exists.

Two months later he stated:

> I am pointing out that there is a need for early action and I want to see early action in this regard. Consideration of this matter was too long delayed by the former government. We do not intend to have similar delays.

I underline and emphasize the words "early action".

Of course, when he made that statement, the Prime Minister had not taken into consideration that the all-party committee which led to the adoption of the Old Age Security Act had given consideration to this matter. The present Minister of Finance was one of the active members of this committee. The Prime Minister had no doubt that this was a good system. "It must be studied." He wanted it studied quickly. And, then, he emphasized, he wanted early action. Now, we must examine into whether or not we have had early action.

The minister, of course, knows at this time that whatever information has been gathered by competence, skill and research has not revealed basically anything that was not already known to the officers of the Department of National Health and Welfare. If there was any desire to obtain information with regard to this measure prior to the elections of 1958 it could have been obtained without much expense and with little effort

from the officers of the Department of National Health and Welfare. In any event, as I said, in 1958, the Prime Minister announced that he had appointed Professor Huson of the University of Western Ontario to undertake the study. Professor Huson could not finish the study within the four months period laid down by the Prime Minister—and, incidentally, that four months corresponded pretty well with the elections of 1958—and so Dr. Clark of the University of British Columbia was appointed. He was appointed to make a quick study, an early study, so that the Prime Minister could bring in early results, as we were told from one end of Canada to another. Well, 13 months after, not four months, Dr. Clark tabled his report and the minister will remember the number of questions that were put to him asking when the report would be tabled. Well, finally, it was tabled in parliament on March 5 of this year.

Once the report was tabled, I asked the minister whether he would not agree that the same urgency from the point of view of time was not exhibited either by him or by the government? Remember the words of the Prime Minister in January of 1958. There must be no delay. The study must be undertaken in four months; the previous government he said had delayed this matter too long. I am not going to delay; we are going to get quick action, he observed. The report is now in the minister's possession. It is a bulky document. It makes no recommendations. I wonder why? Was it suggested to Dr. Clark that he should not make recommendations? Was it thought that if he did make recommendations, these might be embarrassing to the administration, particularly when they now find themselves with heavy government deficits?

In any event, this report has been in the minister's hands for some time. He told me the other day that there is no intention to bring down any legislation at this session. Will there be legislation next session? Has the government abandoned this scheme in the light of the factual presentation made by Dr. Clark? The reference by the minister to the report of Dr. Clark underlines that this is another example of a promise made by the Prime Minister and the members of the government to the people of Canada, a promise that is not being fulfilled, a promise that has been only partially implemented, and implemented only after months had elapsed.

Once the election had taken place there was the supposition, of course, that people would forget all about this; but, unfortunately, people have long memories and they do not forget. There were insistent demands that the report be prepared as early as possible so that parliament and the public could judge whether or not anything further could be done in this field. Nothing is going to be done this session. I am sure that nothing will be done next session. I have great doubts whether it will be done the following session, but I would not be surprised—and perhaps the minister can give us some assurances on this particular—that on the eve of the next election, realizing how—

Mr. Monteith (Perth): Such as hospital insurance in 1957.

Mr. Martin (Essex East): The minister says "such as hospital insurance in 1957". Hospital insurance was not a pre-election pledge. My hon. friend now has the documents and he knows that hospital insurance introduced by the former government represented hard work on the part of all concerned, provincial and federal officials, and ministers. It represented a sincere desire; it was not a pre-election pledge, and certainly it was never offered in the way in which this United States program was offered.

I say to the minister, a lot of money was spent in the preparation of the Clark report. If there are any advantages to the United States system, this government has the moral responsibility to take steps at the earliest moment to implement the promise made by the Prime Minister. If he does not, this will be one other promise made to capture the support of the Canadian people, a promise made with all of the vigour and the freshness that attended so many other promises but, like all other promises, it will be a promise unfulfilled.

Mr. Martin (Timmins): Mr. Chairman, in view of the spirit of the committee and on such a day as this I am going to make my normally brief comments even briefer than usual today.

I should like first of all to compliment the hon. member who has just taken his seat on two or three matters on which he spoke. I wholeheartedly concur with him in some of these matters and the fact that he has presented his views so clearly today will certainly save me the necessity of repeating them.

Sometimes there is a bit of confusion caused by the two hon. members of the same name. In view of his past distinguished service and of his present very comprehensive criticism of this subject, I might better refer to him as "Doctor" Martin and we can get away from some of the confusion that exists.

Mr. Martin (Essex East): Some refer to me as Farmer Martin.

Mr. Harkness: We all have to have our little joke.

Mr. Martin (Timmins): I should like to compliment him first on the way in which he presented his case in regard to the great need in this country for and the justifiable expectations of some sort of pension plan similar to what they have in the United States at the present time. I should like to concur in his remarks along that line. I am sure that many of the Canadian people have looked forward to this. I have had the opportunity of travelling across the country from coast to coast in the last couple of years and in many parts of the country I have met with a very strong wish on the part of Canadians that some action will be taken in this field. I feel, Mr. Chairman, that it is far too important a field to be left to just prior to the next election. We have had too much of that in the past. For many years health insurance was promised to the people of Canada. I hope this is one practice that the present government will not pick up from the previous one.

I think, Mr. Chairman, I will confine my comments today to a few remarks about the hospital insurance plan. I should like to stress this particular aspect of it. After a wait of 40 years for the implementation of hospital insurance as the first step toward health insurance in this country, the fact that within one year all the provinces but one have adopted hospital insurance after the federal government took the lead is an excellent example of the need for federal leadership in matters of this kind. The hon. member for Essex East referred to that very point, that the results at the end of one year of the plan show that the many fears that were expressed were in fact groundless. I cannot resist the opportunity to point out that that is exactly what members of this party have said for many, many years. These fears have been demonstrated to be groundless in many other parts of the world and I think that the sooner we proceed the sooner we will find that fears with regard to complete health insurance have no more basis in fact than those expressed with regard to hospital insurance.

I think the federal government should also take the lead in co-operation with the provinces to iron out some of the possible difficulties that may arise from time to time in the implementation of the provincial hospital plans. In the government's position as a sort of co-ordinator for all the provinces I think they can be of terrific assistance in advising the provinces as to what problems may come up from time to time. If the federal government takes the lead in this field I think they can be of considerable assistance to the provinces in carrying out their plans. I think this also points up the need of federal leadership because provincial leadership in this field is definitely not enough.

In the last 14 or 15 years we have had an example of a provincial hospital insurance plan which paved the way toward hospital insurance generally. I think it is very significant that many people whom I have met who have had considerable criticism for other aspects of the Saskatchewan government have been practically universal in their agreement that Saskatchewan today has the best hospital insurance plan in the country. They will also agree that through the implementation of the hospital insurance plan the province of Saskatchewan also enjoys the best hospitals on a per capita basis of any province in this country. I think this is a natural thing that will follow the implementation of hospital insurance.

Before the minister's estimates are finished I should like him to give some indication of when we can expect tuberculosis, mental illnesses and so forth to be included under the Hospital Insurance and Diagnostic Services Act. I think he will recall the great number of times that members of the present cabinet have advocated this in the house.

There is one other point I should like to recall to the minister and that is the fact that almost two years have passed since the last increase was made in old age pensions. I think he will also recall that at that time a very definite commitment was made to the old age pensioners that this was merely a temporary matter and that as soon as things got straightened away further consideration was going to be given to this need. I think he will also realize that in these two years the cost of living has crept up considerably and that the need is far greater now than it was when this promise was made to the Canadian people.

In addition, I hope that the department has under consideration the necessary steps to adjust the age limits downward in the face of the situation we have today of more and more people once they reach the age of 50 finding themselves in very difficult circumstances. With the advances in technology, with automation and all the dislocations it causes we have an ever-increasing number of Canadians reaching the age of 60 to 65, being thrown out of employment through no fault of their own and finding it practically impossible to obtain new employment because of their age. One thing that could help this category of people would be the early implementation of a social security plan based on that of the United States because I firmly

believe that one of the major reasons why people in this age group are finding it so difficult to obtain employment is the fact that industrial pension plans throughout the country, all in the hands of various private insurance companies, contain clauses barring people after a certain age. That points out all the more clearly the need for the federal government to take the lead in this field.

In view of the circumstances I think that is all I will deal with today. I should like to add once more that I hope the minister will show the zeal in his department that has been shown by the Minister of Northern Affairs and National Resources and I hope he will show the industry in his department that has been shown by the Minister of Public Works. This is one of the most important fields of activity in the whole country and I hope that the minister and his department will take the necessary lead.

Mr. Regnier: Mr. Chairman, I should like to congratulate the minister and the government on doing something in connection with civil defence. This is a matter in which I am really interested.

Mr. Monteith (Perth): Would the hon. member mind making his remarks on the civil defence item which will come up a little later?

Mr. Regnier: I now have the floor and I am afraid that if I sit down and give it to someone else I will not have a chance again. In any event I will be very brief.

Mr. Monteith (Perth): All right.

The Deputy Chairman: I would advise the hon. member that it was agreed that when we came to item 351 there would be a full discussion of civil defence. Perhaps the hon. member might wish to wait until then?

Mr. Regnier: Yes.

Mr. McMillan: Mr. Chairman, I had intended to touch on the effects of lower and marginal radiation doses. A little less than two years ago the minister announced that some research work was being done by the department into the genetic effects of marginal radiation on humans. I should like to hear his report on that today, and also whether he has any results to report as to the detection of strontium 90 in milk and cereals. Apart from the health effects, I think a fallout of strontium 90 in western Canada could have very bad economic effects for our western farmers. I do not intend to say any more on radiation but I should like the minister to make a report after I am finished.

I should like to refer now to a subject which seems to be contentious in different parts of our country, the fluoridation of water.

[Mr. Martin (Timmins).]

The salts of fluorine called fluorides are natural constituents of practically all our water supplies. It is never a matter of whether or not the water contains fluorine, it is always a question of whether or not it contains enough. In early childhood it is necessary to have a sufficient intake of the fluorides to make a good hard dentine formation and the good teeth that should be developed.

There is a difference of opinion amongst members of the medical and dental profession as to the quantity of fluorine required to produce a good, hard enamel. It is generally agreed, however, that drinking water should contain not less than one part per million of fluorine in order to obtain this objective. The water of many of our wells in Canada contains considerably more than one part per million, and often as much as two or three parts per million, while the water in the great lakes system from which many of our population centres obtain their water supply contains very much less than one part per million. The point is that caries of the teeth is very prevalent in children who drink water where their source of water supply is the great lakes system and where the fluorine content is lower.

This was very vividly brought home to me some years ago. In my part of the country there is a graded school in which about one-half of the students come from the country and the other half come from an area that is supplied by the Welland water works, and Welland gets its water from the Welland canal shortly after it leaves lake Erie. It was interesting, in examining the teeth of these children to find that those coming from the area supplied by the Welland water works had an incidence of caries practically 70 per cent greater than those who came from the country in which their drinking water was taken from wells where the supply of fluorine was ample.

Caries of the teeth is serious. It is one of the most common chronic diseases. I think it is probably the most common. It has its economic aspects, namely the cost of filling the teeth, which is never satisfactory, and in addition if the enamel is soft we know that the teeth continue to decay and dentures will be required. Then too, the abscess formations which result from caries of the teeth do start many of the degenerating processes in the body to which man is heir. I have seen many conditions such as heart conditions, high blood pressure and joint conditions resembling rheumatism and peripheral pain largely clear up after the removal of infected teeth. Many of these infected teeth have been carried for years and, no

doubt, add to chronic ill health and the development of chronic conditions in vital organs which tend to shorten life.

Several municipalities in Ontario have fluoridation. I believe Brantford was the first and I am glad to say that my home town was the second. It was started in my home town in 1952 and already the decrease in the incidence of caries of teeth in children has been cut down by 70 per cent. Unfortunately, in Ontario at the present time, if a municipality votes to have the domestic water fluoridated, it is not allowed by the government of Ontario. In those municipalities already adding fluorine to the water, a few citizens just have to apply to the municipal council and the council is then obliged to submit the question to a vote.

Prior to the vote all kinds of subterfuges are used by the anti-fluoridationists. They put up signs, for example, around the town saying that the water supply is not pure, that it contains rat poison and what not. This has quite an effect on different people living in the town, and particularly those catering to the tourist industry.

In my town, for example, we have been through this and I know that it cost the dentists and physicians in the town money to carry on the campaign. The people voted to continue using fluorine in the water, but I think the question can be brought up again next year if enough people apply to the town. One very important thing was said to me at the time of that vote, and that was that the national health minister had never made a pronouncement on fluorine. Practically all our large universities accept fluorine as being very necessary to prevent caries of the teeth. It is highly endorsed by practically all the American public health associations; the American dental association, the American medical association, and their counterparts in Canada.

The world health organization in Geneva highly recommended fluoridation and Canada, among many other countries, accepted the principle of fluoridation. I realize that matters relating to health come directly under the jurisdiction of the provinces, but this is a matter in which I think our Minister of National Health and Welfare should give leadership. On the occasion of the visit of Her Majesty to Ottawa the Prime Minister announced the establishment of a fund of $1 million for research into the diseases of children. With this I agreed, but it occurred to me how much misery and disease in children the government might prevent by merely spreading knowledge of the techniques already known but not publicized.

I have looked over the press very carefully and can find only one reference the minister ever made to fluoridation. This is contained in a letter written to and published by Mr. William R. Fulton, director of civic affairs, Calgary junior chamber of commerce, in the Calgary *Herald* of September 30, 1957. I have a copy of this letter here, and I will paraphrase it. The minister goes on to say that he thinks fluoridation is an important landmark in the long quest for control of tooth decay; that tooth decay is an incurable disease and the only real hope lies in its prevention; that fluorine in the amount of 1 to 1.2 parts per million parts of water is harmless and will cut down tooth decay by at least 60 per cent. This is an important matter to the health of the people who drink this water. If the minister believes what he wrote in September, 1957, and I think what he wrote is very strong, why has he kept so quiet about it for a whole year and a half? After all, that statement was put in the press by somebody else to whom the minister had written a letter.

I do not think any member of this house would say that health matters should be political, and yet it seems to me that the minister considers it to be so. Premier Frost of Ontario has not taken any stand on fluoridation except to appoint a commission to inquire into it. The department of health in Ottawa is the senior department in Canada, is a member of the world health organization and has all the very latest information available to it from this world-wide organization. I think Canadians have the right to expect direction from the minister of health. As I said, he has made no official announcement on fluorine, and I hope that it is not because this has not suited Premier Frost politically. I do not think the minister should ever be subservient to any provincial premier in so far as the health of the people is concerned, I would certainly appeal to him to make some pronouncement. Certainly, he has a duty to help our children in Canada, particularly our children living near the great lakes who have a very high incidence of caries of the teeth.

Mr. Southam: Mr. Chairman, the best asset that this country has is not the gold in the ground nor the wheat in the bins but it is the people who inherit this fair land of ours. If we see to it that they have informed minds and healthy bodies, tempered with a reasonable amount of religious instruction, I do not think we shall have to worry about the destiny of Canada.

I think it was with this thought of a healthy body in mind that prompted the hon. member for Simcoe East together with other hon. members of this house to follow the medical profession to band together in a house health

league to minister to the needs of the other members of this house and staff. I think we would be very remiss in our duties if we did not record our appreciation to these gentlemen, assisted by the efficient nurse on the house staff, for their untiring and great effort on our behalf. I feel that I am not only expressing my own feelings in this regard but those of all the other hon. members of the house.

Mr. Howard: It appears to me that the tendency and effort today is to confine remarks, and to make them brief, something, which is of course easy for me to do and to deal on the first item of particular estimates. While some comments I may have to make will relate to specific items I hope that I may be able to get them in on this first item and that we can rattle through the rest in a sort of machine gun fashion as has been the practice today anyway.

Following the question which I asked of the minister a few days ago I should like to make a few comments about the use and the extremely harmful effects arising from the use of these polyethylene plastic bags that are used quite extensively in the dry cleaning field as covers for clothes and which I understand range in thickness to something less than thousandths of an inch. From reading the newspapers from time to time we all know that these bags unfortunately have caused the death of a number of children both here and in the United States. I have seen the figures of children having been smothered by these polyethylene bags. I have also seen the figures as of the day before yesterday, when another account was given of the death of a child arising out of the same circumstances. Sixty children have suffocated from their use. It is extremely unfortunate that the developers or manufacturers of these particular bags or this particular type of plastic being used for this purpose were not able to foresee the possible detrimental effect they would have. I also read that the industry itself is contemplating a widespread agitational and publicity campaign to bring to the attention of the public, and particularly to that of mothers who have small children, the danger that may result or the harm that could come from the injudicious use of these particular plastic bags.

In this regard I think the Department of National Health and Welfare, not only in so far as polyethylene bags are concerned but as to other items of a similar nature which might be injurious to the health of our people or endanger their lives, should be in a position to take some corrective measures in so far as the use of these bags is concerned. As I understand the situation now, about the extent of the activity of the department in so far as statutory authority is concerned, as was expressed by the minister in answer to my question, was notably one of publicity and hoping to draw to the attention of everybody in the country to be extremely careful in the use of these bags. It is extremely unfortunate that 40, 50 or 60 children—whatever the number is—or even one child should have suffered loss of life because of the use of things such as these. Even if it is necessary to get some broad general powers of inspection or regulation in so far as these items are concerned, I hope the minister will undertake to confer with the justice department and with his own officials in order to see whether in the future the department cannot go more into the field of regulation rather than in the field of publicity after the damage has been done. I hope that even now, with the publicity campaign that I understand is being carried on by the people in the industry itself, will have some effect and that parents of small children will realize the danger that exists in using these bags and allowing them to get into the hands of children. I hope they will take steps to destroy them as soon as they are able to take them off whatever article they cover.

I should also like to mention a few references and comments with regard to the drug industry and the relation between administrators in the food and drugs division and the manufacturers and distributors of the various pharmaceuticals and second with regard to what I consider in many cases to be the unnecessarily high cost of drugs. I believe anyone who has had occasion to have a prescription given to him by a doctor and then has taken that prescription to a pharmacist will agree with this statement. In most cases people have been shocked by the high costs which they may have to pay for certain drugs which are necessary for ailments they may have. It is not uncommon for people to find charges of $10, $15 or $20 for one prescription. This is quite a shock to the patient. In many cases people find themselves in an extremely embarrassing position in not being able to afford to pay that kind of money for some particular drug that is prescribed for them.

I discussed this question with a couple of friends of mine who are medical practitioners. They say that they have not kept track of statistics but they recall a number of occasions on which, when they have prescribed something, the patient has asked them how much it will cost; and that when they gave an estimate of the cost the patient has then said, "Can you not prescribe something cheaper?" An independent survey was made

in the city of Toronto. How factual these figures are I could not say. However, it has been indicated to me by a person in the pharmaceutical field that upwards of 30 per cent of the prescriptions written by physicians are not filled because of the high prices. People will go into the drug store and inquire as to the price of the prescription, find that it is unnecessarily high and then say "I do not feel quite that ill; perhaps I will hold off for a while, I just have not the money at the moment". Consequently they do not get the prescription filled and they do not get the drugs which may be of some help and benefit to them.

As to high costs, especially in connection with newly introduced drugs, the argument is used that it is necessary for the manufacturer in the first few months or years of sale and distribution of the drug to attempt to recapture his research costs as quickly as possible because with the advent of new drugs replacing old ones and new names replacing old brand names and so on, he may find that the drug on which he has spent money in connection with research in order to develop it fails with the public because something new has come along. This may be a commendable attitude for the drug manufacturer to take and in keeping with our present understanding of business practices, which operate on a profit. However, I am of the opinion that the prices of some drugs are maintained at an arbitrarily high level long after the research costs have been recaptured by the manufacturer.

There is a group of drugs generally referred to as tetracyclines. The percentage of prescriptions which are written for the tetracycline drugs is a matter of speculation, but I have been told that the United States pharmaceutical industry has estimated that 25 per cent of the total volume of drug sales in the United States involve tetracyclines. So far as Canada is concerned there are five companies who produce and distribute the tetracyclines under different brand names. The five companies are: Leclerle Laboratories, Bristol Laboratories, Pfizer of Canada, E. R. Squibb and Sons and Upjohn Company of Canada. These five companies, because of the uniformity of price and because this price level has been high ever since their introduction on the market, are responsible for some sort of price conspiracy to maintain an arbitrarily high price level. I appreciate that is a question which can be dealt with more appropriately by the combines investigation branch, but I mention it because it is involved in the entire question of drugs.

So far as these brand names which are used by the various companies manufacturing tetracyclines are concerned, this is an indication of the price structure. The price for the manufacture of 16 capsules is uniformly $5.66, and the suggested retail price is $9.44, which represents a 66 per cent difference. I raise this question for two reasons. One is because, as I mentioned earlier, of the total volume of sales of these drugs as indicated by the pharmaceutical industry in the United States; secondly, this particular antibiotic covers a fairly wide range of use and extends to the treatment of quite a large number of ailments. I am sure that any of the hon. members of the house who are medical practitioners would be able to go into more complete detail about the effective use of the various tetracyclines themselves and the type of ailments which they treat.

I would also suggest that there is an arbitrarily high price maintained so far as penicillin is concerned. That is a drug which has also been on the market for quite a number of years. However, as I said that is a question for the combines investigation branch and I only mention it in passing because of its relationship to the administrators of the food and drug division and the industry itself, both the manufacturing and distributing ends of it.

In recent years we have seen, probably in the United States more than in Canada, a pretty wide ranging and I think indiscriminate use of the so-called tranquillizers. Again the United States pharmaceutical industry estimates that the prescription sales which apply to tranquillizers run somewhere in the neighbourhood of 25 per cent. Here in Canada I do not know what the across the counter sales are without prescription, but I have been told that tranquillizers like most other drugs have side effects which were not envisaged when the drug was originally developed. Further, the side effects may develop after a period of use which may change with the individual.

While tranquillizers have been used to quite a great extent in psychiatric work and treatment in mental hospitals, it has been noted with people who use these tranquillizers that they do develop side effects resulting from this use. Some patients might be diagnosed incorrectly by a physician and treated for an ailment which he does not have, and of course that could have very serious consequences to the patient. I am not in any way casting reflections upon the medical profession for not being able properly to diagnose a patient's ailments, but these are opinions expressed by people who have used the drugs, and they have used the classic case of Parkinson's disease, where the continued use of tranquillizers might result

in what is called pseudo-Parkinsonism. As one might imagine, that is not a very happy ailment for one to have, and if it is not diagnosed correctly a person may carry on with the indiscriminate use of tranquillizers and find himself in an unfortunate position.

I think as far as this department is concerned steps should be immediately taken so that tranquillizers may be sold only on prescription under the direction of a doctor who is able to regulate the use of the drug and make sure the patient does not get it indiscriminately and possibly develop all sorts of other side effects.

I was going to make some comments about dispensing fees of pharmacists. This is a factor to a degree in the high cost of drugs. To what extent it is a factor it is not possible to say unless one could get hold of a list of dispensing fees established by the various colleges of pharmacy which exist in the country. In many cases the sole function of the pharmacist is just to read the doctor's handwriting and pick up the correct bottle off the shelf and give it to the customer. It does not require now the same degree of proficiency as was required of pharmacists many years ago when they had to mix their own drugs to the prescription of the doctor. This is a field which could bear some investigation.

I am told also that as far as the purchase of drugs is concerned by various governmental departments, there should be a closer check. I suggest that so far as we are able to discover at the moment the Department of Defence Production in its purchases of drugs for the armed forces apparently concentrates on the lowest price quoted for a particular drug. This in terms of quality of drugs could result, and does result in some cases, in the armed forces having purchased for them and having dispensed to them drugs which may be of an inferior quality. I would suggest in this regard that through our own drugs division we might be able to get in touch and establish some liaison with the Department of Defence Production in an attempt to see whether that department will purchase these drugs under the same regulatory control as the Department of National Health and Welfare. I am not suggesting that the drugs are inferior or produced under unclean conditions but some appear not to be produced with the care that goes into the production of others.

Because this is a complex question affecting many, and inasmuch as this is the era of royal commissions which this government delights in appointing, I would suggest that a royal commission be established to deal with the whole field of drugs and pharmaceuticals inquiring into all aspects of research and production and the impact of competition. In other words, the terms of reference should be as broad as possible. I would suggest the appointment to the commission of a highly competent medical practitioner, a pharmacologist, an economist, a lawyer with extensive knowledge in the combines field and a psychiatrist because all these factors are involved in the question.

There are many other subjects one could discuss at this time but they have been dealt with to some extent by those hon. members who have participated in the debate up to this point. In my view the health and welfare of the Canadian people are of prime importance, our most important resource. Every effort should be bent toward preserving, and enhancing the health and welfare of our citizens. Inasmuch as this department is subsidized I hope it will not be accorded the same treatment given to a branch of another department about which we heard today and which some hon. members claimed was subsidized and therefore should be interfered with.

Mr. Herridge: Mr. Chairman, I trust that I will not prove to be a tranquillizer for those on the front benches. I shall be penurious with time and keep my promise in making my remarks as brief as possible. I had prepared a first class speech on the subject but the committee will be denied it in the closing days of the session.

There is a growing concern in Canada, the United States and other countries about fallout. This was the subject of an interesting debate in the British House of Commons recently. I intended to deal with this at some greater length but I shall now leave it for a later occasion.

There is a growing concern in Canada and other countries about a lack of information on the question of fallout and an increasing suspicion that the public are not being told all the facts with respect to the question. From periodicals I have read I know there is a feeling in the United States that the defence department of that country is having some effect on the public being given the information they are seeking in this connection.

To make my remarks brief I shall quote from an article in the July 5, 1959, issue of *The Reporter* entitled "A Primer on Fallout" which I commend to the attention of all who are interested in the question as being informative and authoritative:

The nation's press gave surprisingly meagre coverage to the second congressional fallout hearings that were held in Washington from May 5 to

May 8. The New York *Times*, for example, devoted only three inside-page stories to the testimony that was given before Representative Chet Holifield's special subcommittee on radiation of the joint congressional committee on atomic energy; a fourth story headlined "Study Minimizes Fallout Danger" (carried on page 1 and exceeding in length the other three combined) gave details of a reassuring report that was released during the hearings by the atomic energy commission's general advisory committee.

The coverage in most other papers was even poorer than that in the *Times*. One noteworthy exception, the New York *Daily News*, carried a concise two-part roundup of the hearings several days after they ended instead of attempting to cover them as "spot news". But in general the press has all but ignored the most complete summary of the fallout situation currently available.

The same applies to the press of Canada with respect to these most important findings and hearings. Another section of the article reads:

Dr. Arthur H. Wolff of the PHS commented on this point as follows:

I think we are generally agreed that strontium-90 as an environmental contaminant certainly deserves the primary attention, because the problem will persist for many years following the cessation of nuclear weapons testing. But I think data collected during the past few years does indicate that some of the shorter-lived isotopes, particularly iodine-131, are not necessarily insignificant—

It is particularly important to look in the young age group . . . Much of the work that has been done in the past has been with adults—

I trust the minister will deal with the question when replying to our remarks because it is important to present and future generations. The people of Canada, the United States and other nations are demanding the truth and the facts with respect to this problem and I trust this government will give the facts to the Canadian people as they are obtained.

Mr. Monteith (Perth): Mr. Chairman, I am happy to answer some of the questions raised during the course of the discussion on the first item. I should like to thank all hon. members who have spoken for their co-operation, advice and assistance. I appreciate that this department is responsible for the expenditure of a large portion of the public money and that careful consideration must be given to the spending of these sums. I fully appreciate the words that have been said.

The member for Essex East was desirous of knowing something about the drop in the health grant. I think it might be pointed out that while the total amount available to the provinces under the 1959-60 health grants program is $62,969,175, it is expected that actual expenditures will not exceed $46 million. An appropriation of this amount only is asked for. However, in order that projects up to the full amount of $62,969,175 may be under commitment, authority must be sought for an amount representing the difference between this gross figure and the $46 million cash appropriation.

The hon. member mentioned Salk vaccine. The vaccine is provided free on a federal-provincial cost-sharing basis. I thank the hon. member for Moose Mountain, who is not in the committee at the moment, but he gave a word of appreciation of the services of the doctors of the house.

The hon. member for Essex East agrees with me or at least, shall I say, I agree with him that hospital insurance is a very important step in the health field in Canada. He asked a question as to whether the Ontario outpatient department of the service was as extensive as in some other provinces. No, I am quite free to admit that it is not but there are indications that this probably will be expanded.

Mr. Martin (Essex East): Good.

Mr. Monteith (Perth): The hon. member was quite frank as to the approach of the province of Quebec on unemployment assistance. If I may say so, his attitude differed from the attitude of some of the members of his party a year ago when I was putting my estimates through the House of Commons. It seemed at that time that it was completely my responsibility, according to those members; that I should practically be responsible for getting the province of Quebec into unemployment assistance. The hon. member for Essex East said that this is entirely a problem for the province of Quebec, and I quite agree.

Mr. Martin (Essex East): What they meant, I think, was that the minister could give public confirmation of his arduous activity in that regard.

Mr. Monteith (Perth): Of course; I am always doing that, Mr. Chairman.

I appreciate very much the remarks of the hon. member for Timmins. He was speaking of hospital insurance. I might point out that we do assist the provinces now. Since I have been in this office we have had three or more technical conferences to discuss hospital insurance. We have men in the field practically continuously—they are in the field right now—assisting the provinces and we try to assist them in every respect. I think we are particularly helpful when it comes to hospital design.

I think the hon. member for Welland made some fine remarks. He has had a wide experience in health problems and what the hon. member has to say is certainly worth listening to. He mentioned fluoridation. I think I might refer him to my maiden speech

in November, 1953, at which time I pointed out the city of Stratford, my home town, has the best natural supply of fluoride in the water of any community, I believe. There have been extensive experiments and examinations carried on at Brantford, Sarnia and Stratford. I am amazed at one statement he made to the effect that I should ever think of being subservient to any provincial premier. I really did not think he would say that about me.

Mr. McMillan: I did not say that; I said I hoped you were not.

Mr. Monteith (Perth): Let me assure him that I am not. However, he also mentioned radiation. I would say that studies have been carried out in conjunction with the national research council to determine the genetically significant dose to the general population resulting from the medical use of X-rays. This project is one phase of the over-all program outlined by the United Nations scientific committee on the effects of atomic radiation and designed to evaluate the various contributions to gonadal dose and therefore the long term genetic effects of radiation exposure. When tabling the report on radiation recently I spoke in the house.

I could say considerably more if required. We are giving it very serious study. We are setting up a total body monitoring unit which will be in use before very long. In the report I tabled some time ago, and in my remarks accompanying the tabling of that report, I pointed out that we are increasing our testing for radiation purposes. I think I can say no more than that we are completely aware of and are examining very carefully the effects of radiation. While I feel that there is no need to panic in respect of this particular matter, we certainly have not lost sight of the fact that it does require very close examination.

The hon. member for Kootenay West was interested in this particular subject and I am sorry that time did not allow him to continue to discuss what had transpired in the British House of Commons. I appreciated the fact that he had discussed this personally with me earlier.

The hon. member for Skeena certainly brought forward some thought-provoking matters for consideration. I quite agree with his thinking on the plastic bag matter. I thank him for bringing it to the attention of the committee today. I feel that, as I said the other day, at the moment the only way we can do very much in this respect is to bring it to public notice, and the fact that he has brought it up here today does contribute to bringing the dangers of this plastic bag situation to public notice. I have also seen in the paper that the association themselves are taking steps to advertise the dangers of this particular article.

As far as the high price of drugs is concerned, I know they are expensive. I have bought a considerable amount in my lifetime. The hon. member himself mentioned that the companies must recover research and development expenses. I think he probably had the idea that maybe the companies continue to collect these development and research expenses longer than is necessarily required. I am not in a position to comment on that. I would suspect, however, that the combines people probably are examining any possibility of a combine in drug prices. I do not think I have anything further to say at the moment, except to agree with the hon. member for Skeena's closing remark that the health of our nation is probably its most important asset. It certainly will be my endeavour, as long as I am in this office, to keep that foremost in my mind.

Mr. Howard: I was called out for a few minutes and I only heard the latter part of the minister's statement with respect to my suggestions and comments. I do not know whether he dealt in his earlier remarks with some of the things I said. I should like him to indicate his thoughts and ideas on the suggestion of the necessity of a royal commission in the drug field in order to ascertain many factors that are unknown at the moment with respect to whether these drug companies are continuing to recoup what they originally classify as research costs beyond a normal period of time and also whether or not there is waste and squandering in research and advertising in an attempt to promote some of the pharmaceuticals that are developed.

Mr. Monteith (Perth): Mr. Chairman, I feel that I must not leave any doubt as to how I stand on this matter. I certainly would not suggest a royal commission in this respect. It think it is an inappropriate undertaking for a royal commission. The hon. member has intimated that some of these research and developments costs may be collected over a longer period of time than necessary. That may be so. I am not in a position to deny such a possibility but I cannot believe that is true of the over-all picture. While some of these drugs appear expensive, I have known of drugs to be particularly expensive when they first came on the market and shortly afterwards, when development and research costs had been partially collected, the drug gradually came down in price. I do not think I could justify the suggestion that a royal commission be appointed.

Mr. Howard: The minister referred to the question of the maintenance of high prices for an unnecessarily long period of time and said that drugs had appeared on the market at high prices and that the price had gradually declined as time went on. Has the minister looked at the matter sufficiently carefully to determine whether the decline in price took place because the product developed was not under patent and other drug manufacturers were able to enter the field, analyse the drug, alter it slightly and reproduce the same thing without becoming involved in research costs to the same extent? Would he be able to say whether it would not be a case of a drug being developed by one company and not being patented and another company entering the field and producing the same thing under another trade name at a lower price, a company which did not do any initial research but merely stole—maybe the industry would look at it that way—or purchased the drug, analysed it and developed a similar product without extensive research costs, thus by competition bringing down the price of the produce? Would that not be the case rather than the company producing the drug having a patent and exclusive rights to market the product with the result that the cost of the product to the consumer would decline as time went on and research costs were recouped?

Mr. Monteith (Perth): I am afraid I have not examined the situation to the extent that the hon. member has inquired. However, he has raised some very interesting questions and I should like an opportunity to look into the matter.

Item agreed to.

National health branch—

Health services, including assistance to the provinces—

239. Administration, $364,459.

Mr. McMillan: Mr. Chairman, I am rather curious about the matter of fluoridation. I know the minister is in favour of the fluoridation of water supplies. He said so in his maiden speech in 1953.

Mr. Monteith (Perth): Have you got it there?

Mr. McMillan: No. The point is that as minister he has never said anything about it. During the campaign in my area it was said that the Department of National Health and Welfare and the minister had never pronounced themselves in favour of it. That is the point I am getting at, not whether he personally is in favour of it. I should like to know whether as minister he will make a statement and let the people know what he thinks of fluoridation.

Mr. Monteith (Perth): While the hon. member did not suggest that I was subservient, that is what I gathered at one stage from his original remarks. I refer him to my maiden speech in 1953. He can send to the library and get it if he wishes. At that time I was rather boastful about the natural qualities of the water of Stratford which does contain fluoride to a most acceptable degree. I think I might point out that Brantford completed 14 years of experience with water fluoridation in June of this year. The study by the department of health in that city was designed for completion this year. The final year's data are now being statistically analysed, but at the close of 13 years of fluoridation the data showed a reduction of 65 to 70 per cent in the prevalence of tooth decay among children born there since fluoridation began. I am simply quoting statistics. Significant reductions were shown even among those who had moved there since it began.

I would say further that largely on the evidence derived from this study the use of water fluoridation has been recommended by the Canadian Dental Association, the Canadian Medical Association and the Canadian Public Health Association.

Item agreed to.

242. To authorize general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $62,969,175, $46,000,000.

Mr. Cardin: I should like to ask a question on this item. In his opening remarks and in the remarks he made in answer to the hon. member for Essex East the minister referred to the fact that the premier of Quebec had finally decided to permit the people of the province of Quebec to take advantage of the unemployment assistance program.

Mr. Monteith (Perth): I did not put it in those words.

Mr. Cardin: I think the minister did say that.

Mr. Monteith (Perth): I did not say the premier of Quebec had finally permitted.

Mr. Cardin: Is the province of Quebec not enjoying the benefits of this particular program?

Mr. Monteith (Perth): Exactly. They have joined and signed.

Mr. Cardin: Of course we all know that prior to 1957 the premier of Quebec always stated that such legislation was contrary to

the principle of provincial autonomy and incompatible with the British North America Act. I wonder whether, in view of the recent visit of the premier of Quebec to Ottawa, although I will admit that the minister cannot and should not try to force the premier of Quebec to enter into any agreement with the federal government—

Mr. Monteith (Perth): You and the hon. member for Essex East had better get together.

Mr. Cardin: We are of exactly the same opinion. We do not believe that the minister should try to force any premier—

Mr. Chevrier: Is the minister looking for an argument?

Mr. Monteith (Perth): You started it.

Mr. Chevrier: He will get one if he wants it.

Mr. Cardin: The minister should take advantage of the opportunity, when the premier of Quebec is in the capital, to discuss this very important question with him. I was wondering whether or not the premier may have given any indication as to whether or not he has now decided to permit the people of the province of Quebec to benefit from the great advantages to be derived from the Hospital Insurance and Diagnostic Services Act which costs the Canadian people, including those in the province of Quebec, some $160 million a year.

Mr. Monteith (Perth): The hon. member has taken somewhat the same line as certain members from Quebec took a year ago when my estimates were before the committee concerning the signing of an agreement under the Unemployment Assistance Act which has been achieved. I can only repeat what I said on that occasion, and as the hon. member for Essex East said this afternoon, that this is a matter for the province of Quebec to decide. They are fully aware of the provisions of the Hospital Insurance and Diagnostic Services Act, and it is up to them to make up their own minds as to whether or not they will come under it.

Mr. Cardin: I think there must be something wrong with the acoustics. I did not in any way suggest to the committee or ask the minister to force or try to coerce the premier of Quebec into entering into an agreement. The point I was seeking to make clear was whether the minister took advantage of the opportunity of the visit of the premier of Quebec to Ottawa to discuss with him, either at that time or any other time, this matter and whether subsequently through correspondence there may be some indication that the premier of Quebec had changed his opinion, as he did in the case of the Unemployment Assistance Act.

Mr. Monteith (Perth): I think a year ago now when my estimates were before the house I intimated that there were indications the premier of Quebec at that time was interested in the hospital insurance measure.

Mr. Cardin: How about now?

Mr. Monteith (Perth): I think the situation still exists.

Mr. Cardin: More or less?

Mr. Monteith (Perth): I think it still exists.

Mr. Martin (Essex East): Before we leave this item, I think I should intervene briefly on this matter because the minister has been seeking to use my approach to this problem as an argument against what I feel is the meritorious suggestion of the hon. member for Richelieu-Vercheres. I have said, and of course the member himself has indicated he recognizes that all the constitutional rights of the provinces must be respected in these matters, that there must be no compulsion exercised on any province; we are all agreed on that. What the hon. member for Richelieu-Vercheres is trying to indicate to the minister is whether the minister has taken, within his constitutional limits, all those steps to persuade the province of Quebec to enter a scheme that obviously is to their advantage, a scheme in which they will share generously in the financial grants which the former Liberal government made available to them.

Mr. Monteith (Perth): After 30 years.

Mr. Martin (Essex East): If my hon. friend wants to interject observations that are calculated to make his task a little more difficult, that will be a decision for him to make. Thus far, I have given him no justification to do that.

The Liberal party, which placed hospital insurance on the statute books, regards this measure, as the minister now says, as very beneficial to the people of this country. The hon. member wants to make sure that the minister, and this government, is taking every advantage, within constitutional limits, to bring home to the province of Quebec the desirability of participating in this scheme. The Prime Minister had a 90-minute interview with the premier of Quebec. I do not know what they discussed. Neither the premier of Quebec nor the Prime Minister of Canada take me into their confidence on these matters. I have no way of knowing what they discussed. Can the minister say whether this was one of the matters discussed? Did

the minister himself, while the premier of Quebec was here, discuss this matter with him or with any of his ministers?

Mr. Monteith (Perth): I am very happy to announce right now that I did not discuss the matter with the premier of Quebec.

Mr. Martin (Essex East): All right, then. May I ask the minister, whose vigour in these matters is becoming more impressive day by day, if he suggested to the Prime Minister that during the course of this 90-minute interview it would be desirable if he were to ascertain—

Mr. Monteith (Perth): No, Mr. Chairman.

Mr. Martin (Essex East): —whether the premier of Quebec wanted to insure the health of the people of Quebec through this hospital insurance program; that is the suggestion made by the hon. member for Richelieu-Vercheres. I think it is a reasonable one. If these interventions have no other effect than to cause the Minister of National Health and Welfare to take his holidays this summer in Quebec and take advantage of that holiday to bring home to the premier of this province the desirability of this scheme, then they will be worth while. The hon. gentleman shares the same political views as the premier of Quebec, and if he cannot persuade him of the desirability of this, I do not know who can.

Mr. Howard: In view of the remarks made by the hon. member for Timmins with respect to a national hospital insurance participation plan which would embrace not only doctor and dental coverage but would extend to the question of research in all fields of medicine, and in view of the fact we have had the endorsation of the hon. member for Essex East that this facet of socialism is not to be shunned any longer but is now an acceptable thing—

Mr. Martin (Essex East): I never said that, of course.

Mr. Howard: My friend did not say that the socialist principle—

Mr. Martin (Essex East): I said Liberalism.

Mr. Howard: —was acceptable, but he indicated in his remarks that he was no longer afraid of this type of program. The hon. member for Essex East is very careful in his choice of words, but he did embrace the socialist principle so far as hospital insurance is concerned.

Mr. Martin (Essex East): There are many terms that would be offensive, but I would not want the hon. gentleman to use any word that I would regard, personally, as abhorrent.

Mr. Howard: Perhaps if my hon. friend stuck to agriculture he would get into much less difficulty.

In view of the presentation made by the member for Timmins in suggesting that it is now time for the federal government to provide leadership in the field of an all-inclusive health scheme rather than a hospital insurance scheme, and in view of the fact that within one year of the time the federal government took the initiative we now have eight provinces participating in this scheme, will consideration be given to enlarging this scheme and making it all-inclusive? Can the minister say whether any steps have been taken, in conjunction with the Department of Finance because money would be involved, toward conducting a survey or an investigation into putting such a plan into effect, an all-inclusive health scheme instead of this narrow hospital scheme?

Mr. Monteith (Perth): No, Mr. Chairman, and I would explain that "no" in this way. When the hospital insurance scheme was introduced in the spring of 1957, and eventually when the provinces began to come into the scheme as of July 1, 1958, I said that this was a big step. I said today in my opening remarks that it is probably the biggest step that has been taken in the health field in Canada.

I am completely convinced that there is only one thing to do at the moment and that is to get the Hospital Insurance and Diagnostic Services Act operating in such a way that it will be satisfactory across the country. I said also that this act has come into being in a more orderly way, I would think, than we had originally expected. We expected more bottlenecks and more headaches. At the moment my prime concern is to see this act operating as completely to the benefit of the people of Canada as possible. I am afraid I have given no thought to any further extension of the situation at the moment.

Mr. Howard: My friend the hon. member for Essex East and his colleagues, when they were the government, for a period of some 39 years have played on this theme of a national hospital insurance program. Eventually after 39 years they got around to thinking about it.

Mr. Hodgson: They were forced into it by the province of Ontario.

Mr. Martin (Essex East): Do not start that argument.

Mr. Howard: I hope the government of which my friend the Minister of National Health and Welfare is a member is not the government of this country for the next 39 years. But in any event I hope it will not take us another 39 years to take the next step and provide some sort of leadership as that which I have suggested.

Mr. Cardiff: I would like to ask the hon. member for Essex East who was the minister of national health and welfare in the last government, why he did not bring in a comprehensive insurance plan in the 22 years he was in power.

Mr. Martin (Essex East): I should be glad to answer that question. I do not have responsibility at the moment for policy; I wish I had. I can only say that I was not minister for 22 years. But during that time I was minister in a government that brought in family allowance, old age security, old age assistance, pensions for the disabled, pensions for the blind, hospital insurance, veterans insurance and unemployment insurance.

Mr. Fisher: Do not forget the pipe line.

Mr. Cardiff: I might ask the hon. gentleman why that was only in the last 10 years before they went out of office.

Item agreed to.

247. Administration of the Opium and Narcotic Drugs Act, $226,469.

Mr. Howard: This item has to do with the administration of the Opium and Narcotic Drugs Act. This matter is also dealt with to some extent under the Department of Justice, especially in connection with the enforcement agencies and the penalties meted out to people who contravene the laws relating to the possession of and trafficking in narcotics. We have mentioned this matter on a number of occasions. As of recent years, the Minister of Justice has indicated that he is very partial and has been thinking quite seriously about establishing or developing a different approach to the question of narcotic addiction and possession of narcotics.

As to this vote, I assume that the Department of National Health and Welfare would be involved in that sort of study and that sort of investigation which might allow us to move into what I would consider to be a more sensible and more humane approach to people who are addicted to narcotics and with regard to the enforcement of the law and the incarceration of these people in institutions. I wonder whether the minister can give us an indication of the different fields of jurisdiction as between his department and the Department of Justice in this particular field and also an indication as to what his department is doing in order to work in conjunction with the Minister of Justice having regard to the minister's indication of a new approach to narcotic addiction.

Mr. Monteith (Perth): The Department of National Health and Welfare supervises the use of narcotics for health purposes. As the Minister of Justice mentioned in answer to the hon. member's question this morning, we are studying this problem together, both departments are co-operating, with a view to coming up with the best possible solution or the best possible assistance.

Item agreed to.

Welfare branch—
Old age assistance, blind persons and disabled persons allowances—
249. Administration, $114,915.

Mr. Fisher: Under old age assistance I wish to ask the minister about something which I cannot explain very well because I do not know it very well. It is with respect to a problem or two problems of particular persons who were under old age assistance or who were having old age assistance, and who then obtained jobs and there was a hold-up or misunderstanding in their notification to the welfare authorities that they had work. As a consequence payments kept on for a couple of months before they were finally cut off. I understand that in clearing the matter up these people felt that they were prejudiced in the way, let us say, of paying back.

Mr. Monteith (Perth): In the administration of it?

Mr. Fisher: Yes. From the letter I had from the provincial authorities in Toronto I gathered that they tended to agree with those who said there were grievances but that this matter had been put up to the federal authorities and that until the federal authorities changed the regulations there was nothing they could do about the matter. I am sorry to be obliged to give such a woolly explanation but as I say, I have not too much familiarity with the matter.

Mr. Monteith (Perth): My reply will be somewhat woolly also. Incidentally, may I say that I do not agree with the hon. member in his suggestion that his query was woolly. I might say, however, that these cost-sharing pieces of legislation are administered practically 100 per cent by the provinces; and in an old age assistance or disability allowance problem the provincial people make an examination or a study of

the situation and we simply come along and are asked for our monetary contribution toward the cost-sharing program. I cannot see where we have been at fault in that we have refused at some stage to allow a certain adjustment to be made and that sort of thing. Actually I would point out that we have called for a conference on September 28 and 29 of all the provinces in respect of these various cost-sharing programs. We hope that out of that conference will come some possibility of better regulations or better understanding of the act so that what we all seek, namely simple justice to the recipients, will eventually transpire.

Item agreed to.

B—Civil defence—

251. Expenses of the civil defence program, $7,220,817.

The Chairman: We will now reconsider items 251 and 303, which were deferred until today. They cover the same subject.

Mr. Fisher: May we have a statement from the minister?

Mr. Monteith (Perth): Yes, Mr. Chairman. I intimated when I started my estimates that I would have a statement to make at this stage. Actually I had rather a comprehensive statement but—

Mr. Martin (Essex East): May I assist the minister. This is the first statement the minister has made in a long time, particularly since the new arrangement announced by the Prime Minister. There are a number of matters on this important subject, notwithstanding the lateness of the hour, that simply have to be discussed; for example, the questions of evacuation and shelter. We have to have some indication from the government about its policy on civil defence. I would hope the minister is in a position to deal with it now.

Mr. Monteith (Perth): Yes, Mr. Chairman, of course I am. I will be very happy to give quite a comprehensive statement.

Mr. Martin (Essex East): Before the minister does that, the Leader of the Opposition makes the suggestion that we might be able to deal with the situation in a manner which will be convenient to the Prime Minister who has at this time other preoccupations. We would have no objection to dealing with item 303 now, provided it is understood, as a result of its overlapping character, that when we discuss the minister's responsibilities we will not be precluded from discussing the implications in vote 303.

Mr. Diefenbaker: Mr. Chairman, that is satisfactory.

Item stands.

PRIVY COUNCIL

303. Preparatory work, not within the fields of particular departments, on emergency defence measures, $175,000.

Mr. Diefenbaker: Mr. Chairman, there was only one question raised and that had to do with the powers under the Defence Production Act. That question was asked by the hon. member for Kenora-Rainy River, and he pointed out that certain of the powers under the Defence Production Act were being allowed to lapse. May I point out that those powers will be lapsing at the end of July and are sections 23 to 31 of the Defence Production Act.

Those particular powers were extraordinary powers, and powers of unusual import. Section 23 provides that any person refusing a contract from the Minister of Defence Production may be ordered to comply, and that any person refusing to comply to a direction would be liable for the loss thereof and for damage thereto. Then section 24 provided that the minister might requisition supplies made by notice in writing, and direct any person who owns or has in his possession or control defence supplies, to have them requisitioned on behalf of Her Majesty. Section 27 says that where the minister is satisfied that a person who has entered into a defence contract has failed or is likely to fail to perform the contract in a businesslike and efficient manner, he may authorize another person to carry on.

Section 28 provides that the governor in council may, by order, direct that a person shall not be bound by any obligation, restriction or limitation imposed on that person by any statute, order, regulation or contract. In other words, these extraordinary powers provided rights and assured authority which was overwhelming in its import, to which of course, when we were in opposition, we took strong objection.

These extraordinary powers will lapse, as I said, at the end of this month because, as has already been pointed out, the government does not intend to continue in days of peace powers which, although properly exercisable in wartime, ought not to be used in days of peace. With regard to what I suggested last evening, I want to say that these powers set out under the Defence Production Act are, in the opinion of the government, not necessary in days of peace and it would be inexcusable to continue them on the statute books beyond the period of their actual existence under the statute.

Hon. members will remember that a period within which these extraordinary powers should continue to exist was asked for on the part of the opposition of that day and accepted by the government of that day. I think the house will generally agree that the step taken in this connection is one that is in keeping with the responsibilities of parliament to ensure that the fundamental rights of the individual shall not be encroached upon by order in council or by parliamentary direction or enactment. We believe that these powers are not necessary any more but that, in the event that the possibility of an emergency arises or in the eventuality of war, the extraordinary powers provided under the War Measures Act are sufficient.

With respect to the plan that I placed before the committee last evening, I do not think there is very much more I can add to that which I have set forth already, except that the use of nuclear weapons is a distinct possibility against the countries of the free world, and while in general free mankind will agree that the possibilities are terrible in their import, governments cannot adopt merely a fatalistic attitude but have a duty incumbent upon them to safeguard the ability of the nation to survive even a nuclear war. All of us realize there are bound to be enormous losses and casualties. The Leader of the Opposition dealt with this matter in general some weeks ago, and in his speech placed before parliament and the country something of the awful potentialities of a nuclear war. What we have tried to do is to plan an organization which will preserve some degree of governmental and economic organization during the initial period of a nuclear war. We have set up through the committee, a special full time working group established in September 1956 under the former government, as we see it, a streamlined and efficient system whereby under a regional structure provincial government organizations will be knit with the military organizations and will thereby assure through decentralization that a national organization will be achieved.

The minister will deal with the question of civil defence. I can simply say that the government has reviewed and revised the organization to deal with civil defence matters and to also avoid a confusion of labour between the federal and provincial organizations in this field. The general nature of the changes proposed were set out in my speech of March 23 and the minister will tell the committee, if required, of the discussions on April 24 between him and other of my colleagues and representatives of the provincial governments.

The provinces expressed no objection to the dominion government proceeding as outlined and thereafter gave their views with respect to the general plan. On May 28 the governor in council approved an order whereby under the Public Service Re-arrangements and Transfer of Duties Act there was a redistribution of civil defence functions, some to national defence, some to national health and welfare and some to the Department of Justice through the Royal Canadian Mounted Police, some to the emergency measures organization and the privy council office.

In so far as the emergency measures organization is concerned the redistribution of civil defence duties involved have full regard to the co-ordination of civil defence plans for departments and agencies of the government of Canada. The preparation of civil defence plans in relation to matters that are not the responsibility of any other department or agency of the government of Canada, assistance to provincial governments and municipalities in respect of preparations for civil defence where assistance is not the responsibility of any other department or agency of the government of Canada and finally a general liaison with other countries, with NATO, and with provincial governments on matters relating to civil defence.

The main purpose of the changes and redistribution of civil defence duties was to closely integrate them with the general government organization for war purposes, assigning to national defence those tasks which are akin to operational service tasks; to health and welfare those tasks relating to health, utilization and the welfare of Canadians under war conditions; to the Department of Justice those matters that are essentially police tasks; and to the privy council office those planning and liaison fields of responsibility that are similar to the normal duties of this office.

I believe that in general summarizes the general plans which form the basis of what we hope will achieve on a national scale with provincial and subdivided local organizations a national organization effective for the purposes which I outlined last evening.

Mr. Pearson: Mr. Chairman, I recall, I think almost as vividly as the Prime Minister does, the debate of 1952 on the emergency powers provision of the Defence Production Act. I am not surprised at the decision of the government to let these emergency powers lapse at the end of that five-year period. That will produce a situation in which coercive powers cannot be based on that legislation, if the government desires to use them, and there will have to be some other legislative basis. The Prime Minister has indicated that in the

awful contingency he has mentioned, that would be the War Measures Act.

The fact remains, of course, as the Prime Minister pointed out last night and again today that in the contingency of nuclear war extraordinary steps would have to be taken and extraordinary powers would be required. It was never intended under the Defence Production Act that emergency powers would be used except in emergency conditions. I am quite sure that is the attitude of the government now in respect of the plans it is making —and rightly making—for this contingency.

I understand from what the Prime Minister has said that there is nothing of coercion in the plans that are being developed by the government to meet this contingency and that any action to be taken before the War Measures Act could be called into effect or invoked would be voluntary. But I have this to say on that. If those steps ever had to be taken they would be taken in the circumstances of the greatest possible emergency, probably an emergency of a type which we have never had to face in this country before.

There is a difficulty involved in this, one that was very much in the mnd of the previous government when they had these emergency powers under the Defence Production Act. The War Measures Act can only be invoked as a legislative basis for action when there is formal declaration of war or "apprehended war" as I believe the act states. We do not know what form this emergency will take. If it ever descends on us it is difficult to visualize the awful situation that may result. There might indeed be a kind of shadow period between attack, or what seems to be attack, or what might even be a false nuclear attack, and the actual formal declaration of war which would be required on our part, if there were any of us left to declare war. In that shadow period if the government required power for coercive action in the light of the situation that existed, and I am sure it would, the government would have to rely on that clause of the War Measures Act that would permit it to take action in apprehended war until there was a formal declaration of war. That could only be done by order in council. There would however be a gap between the attack or the emergency and the formal declaration of war because it is our constitutional practice, although it is certainly not law, that war can only be declared after parliament has been called and has approved the action of the government.

It is our constitutional practice now, though certainly it is not the law, that war can only be declared after parliament has been called and approved the action of the government; at least, I think it is the accepted constitutional doctrine, though certainly not any part of the law of the constitution, which permits the executive and only the executive to take the formal step. Therefore, it is a very complicated situation in that respect, and I bring these complications to the attention of the government not because I am objecting in any way to the plans they are making. They are essential plans, and it is well to plan in advance, even though we hope the plans will never have to be carried into effect. But if these plans are to be carried into effect, it will have to be done now under the War Measures Act, under that provision of the War Measures Act—and the Prime Minister will correct me if I am wrong; perhaps he has the act before him—which enables the government so to act in a state of war or apprehended war. My colleague from Essex East says it is section 2.

I am not objecting in any way to what the Prime Minister has indicated is necessary, but I am pointing out that there may be steps which will have to be taken, if this awful contingency ever arises, long before we can get together in parliament and take whatever steps are required in connection with a declaration of war, and it might well be that in that shadow period between the loss of peace and a formal declaration of war action by order in council would be required.

I bring these matters to the attention of the Prime Minister and of the government partly as an explanation of the stand we have taken in the past in this party when we thought emergency powers might be required, and partly to assure them that while we do not object to the action which is being planned, there will be perhaps constitutional difficulties against which provision should be made in advance.

This proposal of the government, as I understand it—the Prime Minister will correct me if I am wrong—does not involve a course of action in any respect under which the War Measures Act can be invoked.

Mr. Fisher: Mr. Chairman, on behalf of our group the only comment we wanted to make was to welcome these indications that the government is aware of and prepared to move very quickly under provisions which would enable the government to keep going in the event of a real catastrophe. I think my point of view is somewhat conditioned by the fact that any kind of war now is going to be a catastrophe for civil defence in the way other wars have not been in the past. The Leader of the Opposition brought up the question—I think it is an academic question—as to whether parliament could be

convened and whether this will leave the government short of powers. This is something on which we can almost take the common sense view of in the light of the kind of war we are going to have. I think the tragedy or catastrophe will be upon us so quickly that there will really be no time even for us to consider the idea of calling parliament.

I have often wondered about that particular point, because anyone reading back in *Hansard* and back in Canadian history knows that the late Mackenzie King always had the feeling that you could not declare war until parliament was called. I remember at the time many people thought that was a rather doubtful situation; that it was more likely his way of evading certain responsibilities that might have been upon him by the imperial connection at the time.

But the part about the program that is covered by this vote of $175,000, though I do not think any of us wanted particularly to pry into that, what we can worry about is, in the light of the expenditure, that it seems rather small in relation to the gigantic nature of the problem, if we think of the war as a catastrophe in terms that have been explained to the United States congressional committees which seem to indicate that at least 50 per cent of the population, in the event of a full-scale nuclear war, would be knocked out and there would be many dislocations.

I know it seems rather silly to ask for an assurance from the Prime Minister that $175,000 is enough. It does seem like a rather small figure for assuring continuing alertness of organizations at the drop of a hat or a press of the button of an intercontinental ballistic missile, and that they would be ready to go to work.

Mr. Diefenbaker: The point the hon. member makes is obviously a good one, provided that what he says actually represents the situation. The amount that he mentioned is merely one of the items and in respect of the organization as a whole for purposes of security. Those expenditures which will amount to a great deal more than that—and I think it is an understatement when I say that—will be under the head of defence and also in part under the Department of National Health and Welfare. The actual amounts will far exceed, even in the next few months, the actual vote here, but will be expended under other headings so as to assure that degree of security, confidentiality and secrecy of the courses being taken and the actions and constructions that will follow.

In so far as the references made by the Leader of the Opposition are concerned, we concluded that these extraordinary powers under the Defence Production Act ought to be demobilized and that indeed—and I am not going to relive the discussions that took place three years ago—was the stand that we took most strongly. In the light of experience of office we believe that the stand we took was a reasonable one and that the very comprehensive and aggressive powers which have heretofore existed in the Defence Production Act were not in keeping with the parliamentary system of government, or indeed of the concept of freedom which I think is generally accepted without regard to political views or bias.

In so far as the War Measures Act is concerned, the Leader of the Opposition points out—and he is supported in that by the hon. member for Port Arthur—that the day of a declaration of war is past. For generations there were certain courses that were followed. International lawyers set them out in detail, but all of us today have an abiding fear of instant attack launched without notice, the purpose of which will be to attain disorganization, if not immediate victory, by the acceleration of the attack and by concealment of the intent to make the attack. However, in so far as the War Measures Act is concerned, its powers are very wide. I am not going to enter into a legalistic discussion of such powers, but the wording of section 2 is of interest:

> The issue of a proclamation by Her Majesty, or under the authority of the governor in council shall be conclusive evidence that war, invasion, or insurrection, real or apprehended, exists and has existed for any period of time therein stated, and of its continuance, until by the issue of a further proclamation it is declared that the war, invasion or insurrection no longer exists.

When the hon. gentlemen said that henceforth it will be accepted in our country that we are not at war officially without the declaration of parliament I think the experience of the past certainly adds weight to his conclusion. But the fact remains that the executive, the governor in council, will continue to have power to act by a simple declaration under the War Measures Act that a state of danger exists and under that to take the necessary and immediate action which would have to be forthcoming pending, of course, the convening of parliament.

It is to assure that parliament can be convened that in part the emergency organization is set up, for after all none of us, looking into the future, can contemplate parliament in the ordinary sense of the term meeting as we did in this chamber during the darkest days of the last war and in the old chamber prior to its destruction in February of 1916. The powers under the War Measures Act cover every possible eventuality in so

far as those measures are concerned which of necessity must be taken without waiting for the convening of parliament and the passing of legislation. That is the reason I say that we felt that the powers under the Defence Production Act were not needed and, indeed, the legislation of an emergent nature passed at successive sessions of parliament from 1949 on was in general based on the decision of the courts to the effect that the executive may at any time declare the existence of an emergency and during that emergency is endowed thereby with powers to act effectively and efficiently without parliament until parliament can give official approbation to the course taken.

Mr. Pearson: May I just ask this question of the Prime Minister. It is a fact, I take it, under the law or will be when that emergency power provision of the Defence Production Act expires that if there is an emergency and if the government wishes to take action in that emergency which requires coercion or compulsion of any kind that could only be done by a declaration of apprehended war by order in council.

Mr. Diefenbaker: I did not get the question.

Mr. Pearson: I will repeat it. I want to get this matter perfectly clear. I asked the Prime Minister whether it was not a fact that after July 31, when the Defence Production Act emergency power provisions expire, if there is an emergency and if that emergency is of such a character as to require coercive action, compulsive action by the government, that action can be taken only by the government declaring through order in council that a state of apprehended war under the War Measures Act exists.

Mr. Diefenbaker: I would not want to give an opinion on that. That is a legal question, one that would require the opinion of the law officers of the crown.

Mr. Martin (Essex East): I want to say a brief word on this matter while the Prime Minister is here. I had ministerial responsibility for some of the planning which the Prime Minister observed last night had been prepared when the former government was in office. On this point the Prime Minister said, as found on page 6273 of *Hansard*:

> As hon. gentlemen opposite who were members of the former government realize, general plans in this connection were considered by the former government and those plans have been considered and advanced in the last two years.

I recognize at once that the leadership given by the office of the privy council in this matter when we were in office is something that one should refer to with gratitude and appreciation. The Prime Minister has stated that the government has decided to allow the lapsing on July 31 of sections 23 to 31 of the Defence Production Act. I would simply point out that this matter, at least potentially, is one of the most important matters parliament will discuss. It is therefore important, I think, that there be some precision both in expression and thought on this matter.

The government takes the responsibility for the lapsing of these pertinent sections in the Defence Production Act. That is a responsibility which the government, after consideration, is prepared to take. As the Prime Minister observed, and he did it in a non-acrimonious way and I am not seeking to reverse that mood, ultimately the renewal of the powers extended was a matter of suggestion by the former opposition and then there was mutual concurrence. The Prime Minister feels, however, that the implications of the War Measures Act, and I take it he had in mind particularly sections 2 and 3, are such as to give the executive the necessary coercive powers to deal with any situation that would arise either from a state of war or pursuant to section 2, as the Leader of the Opposition has observed, from a state that could be characterized by the word "apprehended" which is to be found in section 2 of the act.

The Prime Minister has also indicated in answer to a question by the Leader of the Opposition that the implications of what he said last night involve nothing coercive. It involves voluntary participation by agencies and persons in the country who might, through the Department of Defence Production or the Department of National Defence, be called upon to assist in an operation which is essentially a planning operation. If one could describe the announcement of the Prime Minister last night, it is essentially a planning operation and a very necessary one for the conduct of government in the turbulent stage that would prevail if we ever have an apprehended or actual state of war.

Mr. Diefenbaker: Positive planning and organization.

Mr. Martin (Essex East): Yes—all of which we on this side fully approve. Our main concern last night, certainly the concern of the Leader of the Opposition and myself, was whether or not these powers involved the element of coercion. But it seems to me that the Leader of the Opposition has underlined a situation that is very real and it is only offered for further consideration by the government. That is whether or not in the situation that could prevail before a state of apprehended war it would not be

necessary for the executive to resort to certain preparations, the realization and implementation of which could possibly only be effected by the use of powers envisaged at least in principle like those referred to particularly in section 3 of the War Measures Act.

But the government has considered that matter and the opposition will discharge its function at any rate by pointing out this situation to the government. But we do agree that these preparations are necessary. We do agree it is necessary to take steps to put into motion the machinery that would make effective the kind of defence or resistance that Canada would offer in the event of an attack, but this pre-apprehended state is one that I think the government will have to consider in the light of what powers it will have after July 31. As I say, the Prime Minister has said that the government has given careful consideration to that aspect, and we can do no more than point out a situation which can arise.

There is one other point I should like to mention before the Prime Minister leaves, and that is on the general aspect of civil defence. The government has decided to distribute the ministerial functions of civil defence. With the reasoning behind that distribution I have no quarrel, that is to the Department of National Defence, to the Department of National Health and Welfare, to the office of the privy council, to the Royal Canadian Mounted Police through the Minister of Justice. I think one of the dilemmas in all this has been properly referred to in the Ottawa *Journal*, in an editorial which appeared on June 6 of this year and headed, "Like the Chestnut Tree". It reads:

> Civil defence was formerly the responsibility of the department of health and welfare. Now we are told, it will fall under national defence, health and welfare, justice, and the Prime Minister's office. In effect, this latter makes it an issue to be ruled on by a committee of the cabinet of which Mr. Diefenbaker will be chairman. Whatever may be the reason for the administrative change, the man in the street will fear it as an open door for a monumental mix-up.

I suggest to the Prime Minister that there must be some minister who will be responsible as the first minister in the matter of civil defence. In the cabinet itself, and in the executive relationship with provincial governments, among the ministers who are going to continue to have a responsibility in civil defence, there must be one minister who is, let us say, chairman of all and who will be responsible for seeing to it that consideration is given to the over-all formulation of policy.

When the Prime Minister spoke first he did not deal with this matter—I am not saying this critically—but does he feel that with his responsibilities he is the one to whom should be entrusted the responsibility of co-ordinating these departments?

Mr. Diefenbaker: I will answer that immediately and say no; the minister who will be chairman will be the Minister of National Defence.

Mr. Martin (Essex East): That is a definitive answer and I thank the Prime Minister for it.

There is one other aspect of this problem. I understand the Prime Minister's announcement in May or thereabouts suggested that the role of co-ordinator would be undertaken by the office of the privy council. The Prime Minister has indicated that the spokesman, generally speaking, will be the Minister of National Defence. The situation possibly may be a little more complicated because the office of the privy council now has a co-ordinator in the person of a very efficient and capable gentleman. It does seem, unless he is going to be made immediately responsible to the Minister of National Defence or to another minister, his position vis-à-vis the ministers who are heads of departments, is going to be a very difficult one. I would hope the Prime Minister would associate with the reply he has already given, not only that the Minister of National Defence will be the spokesman of and responsibility for policy but would he indicate which minister will be responsible for the work undertaken by the privy council, particularly through Mr. Currie for whom I have the highest regard and whose competence I am not for one moment seeking to belittle. I say it is putting the other ministers in a difficult position, vis-à-vis a public servant. Would the Prime Minister clarify that as well?

Mr. Diefenbaker: In so far as the privy council is concerned, of course, the Prime Minister occupies a position in charge of the privy council. I foresee none of the difficulties mentioned by the hon. gentleman. You will always find these dislocations taking place in the building up of an organization. If in the light of experience the wisdom of the hon. gentleman and the observations he has made make changes necessary, those changes will be effected in the interests of the assurance of the maximum efficiency of the organization set up.

Mr. Martin (Essex East): So far as we are concerned, if the Prime Minister wants to stay and learn something about civil defence he is welcome, but I do not think we are going to insist that he should remain.

Mr. Diefenbaker: This is a great spirit here, Mr. Chairman, when the hon. gentleman

grants leave to me to absent myself from further discussion on the estimates that come under the authority of the Minister of National Health and Welfare.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

B—Civil Defence—

251. Expenses of the civil defence program, $7,220,817.

Mr. Monteith (Perth): I do not propose to make any extensive statement on the item of civil defence. The Prime Minister has covered the transition from the situation as it has existed to what we propose to do. One year ago, when my estimates were before the committee it will be recalled that General Graham was in the midst of making his survey. The ultimate setting up of a cabinet committee resulted in the Prime Minister's announcement of March 23 in the house, and then this was followed by discussion with the provinces on April 24, at which time they showed complete agreement, most enthusiastic agreement, with our suggestions. Eventually, order in council 1959/656, which was tabled next day, gave instrumentation to these suggestions. It has been proposed now that we hold a further discussion with the provinces in a meeting to be held early in October, at which time the conclusion of these arrangements which we have entered into and the outcome of the committee will show us, we hope, just what further steps should be taken and how we may further co-ordinate the whole civil defence effort.

I should like, however, to make a brief reference to a subject upon which I have been queried in the house by the hon. member for Essex East and which I know is uppermost in everybody's mind. I refer to shelter and evacuation. I would point out, very briefly, that for something in the neighbourhood of five years, that is from about 1948 to 1953 or thereabouts, the scale of probable attack was assumed to be an atomic bomb of 20 to 100 kilotons. This is equivalent to 20,000 to 100,000 tons of TNT. At this stage there was little or no thought of evacuation of the target area population and little stress was placed on the organization of reception areas for those who may leave the larger urban centres.

I think I might point out that the advent of the H-bomb made necessary a drastic revision of this phase of civil defence policy. From about 1953 on, the emphasis began to shift from static defence, where people stayed put to mobile defence, involving the large scale dispersal or evacuation of our urban populations. Moreover, the greatly increased destructive power of the thermonuclear bomb —ranging in size from 1 megaton to 20 megatons, the equivalent of 1 million tons to 20 million tons of TNT—meant that a single bomb, properly placed, could almost completely wipe out any but the largest of our urban target areas.

These greatly increased areas of destruction, together with the newly discovered realization of the great dangers over large areas of radioactive fallout, meant that it was no longer realistic to assume that the population of the average city could survive the blast by taking shelter, and then emerge with its resources and facilities substantially intact to undertake its own rescue and rehabilitation work. Civil defence began to emphasize that distance is the best defence against the H-bomb; and planning for the rapid and orderly evacuation of large urban populations in the event of emergency began to feature the civil defence policies of most of the western democratic countries.

But, Mr. Chairman, times of course are changing. As military science advances we move from the era of the H-bomb and the manned intercontinental bomber to that of the intercontinental ballistic missile equipped with a nuclear warhead. Increasingly in the future we shall be unable to count on any advance warning time. Moreover, the over-all need for the adequate provision of relatively light and inexpensive shelters, if only for shielding from widespread radioactive fallout, emerges as an increasingly urgent problem. While the cost of providing heavy anti-blast shelters on any large scale continues to appear prohibitive, recent United States studies, notably that of the Rand Corporation, and the testimony recently given before the Hollifield committee of the U.S. congress, point to the feasibility of developing light and resonably effective shelters, particularly against fallout, at cost magnitudes considerably less frightening than the estimates previously given. Recent studies have been made by our own defence research board which seem to point to the same conclusions.

All these materials and reports are now being carefully studied and reviewed, and while it would not be wise or proper to hasten unduly the work of the committee which has been established to study and report upon this question, I believe that within the next few months we will be in a position to discuss with provincial authorities some proposals for establishing an appropriate balance between evacuation and shelter, particularly shelter against fallout.

There is one brief word I should like to say in conclusion, Mr. Chairman. As you know, civil defence in essence means preparedness to meet disaster from whatever quarter it may come. While our civil defence preparations are designed primarily to

provide protection for our civilian population in the event of war, they really serve a dual purpose. Communities and individuals who are prepared and trained in civil defence are ready to play their part in other forms of disaster as well. Nothing could possibly have illustrated this more graphically than the disaster which struck the town of Lanark on June 15th last. In that disaster trained civil defence workers from our civil defence headquarters at Arnprior did credit to themselves and to the service they represent, and I should like to conclude by reading this brief letter received by the college commandant, which pays a well deserved tribute to the work they did in Lanark. It is addressed to Major General M. H. S. Penhale and reads as follows:

> I have just returned from unfortunate Lanark where the scene of devastation is, as you are well aware, one that till now at least we have comparatively seldom been called upon to face up to in this country.
>
> While talking to old friends in the village—some had lost all they possessed—I particularly noted their unanimous and unsolicited praise for the work done by the civil defence college group that appeared so promptly on the scene. I gathered that this group, among other accomplishments, gave the shattered inhabitants a feeling that amongst disaster a foundation was being established for them from which to hold on to reality again.
>
> As a rule, I am not a letter writer, but the reaction of these people was so favourable to the work of your organization that I thought that perhaps you, your staff and students might be interested in receiving these comments from a disinterested source when all too frequently your efforts are apparently received with apathy by the public.
>
> Yours very truly
>
> Ewan R. Caldwell

Mr. Martin (Essex East): I hope the minister will not resent my saying that this has indeed been a most disappointing statement if this is all that the minister intends to say on the matter of civil defence.

Mr. Monteith (Perth): May I interrupt one moment, Mr. Chairman, before the hon. member goes on further in this particular vein. I did have quite a lengthy statement prepared. But here again, as I expressed myself when my first item of estimates was before the committee I felt that the special circumstances of the situation that exist today call for me to abbreviate my statement somewhat. If there are any questions to be asked I should be glad to answer them and to give a detailed answer in every respect.

Mr. Martin (Essex East): Notwithstanding the qualification made by the minister I must say that I think that what he has said so far is extremely disappointing. I was about to observe that it may be that the division of responsibility in four departments

of government and the fact that the Minister of National Defence will be the spokesman in the matter of civil defence puts the minister in a rather difficult position. He spoke of shelters and he spoke of some of the achievements of the civil defence college. But not a word was said about evacuation; not a word was said about whether there is to be a co-ordinator in his own department; not a word was said about his own concept of the role of the army or about the extent of the participation by the province. It is true that a reference was made to the necessity of individual citizen participation but there was no indication of where the army would step in whether it would continue to have an over-all authority, whether the civil power would have the over-all authority over the armed forces or whether the situation is as I now believe it to be—although the minister did not indicate it—that in stricken areas the primary responsibility will be that of the army with power to call on the welfare services, hospital services and the like.

All these things are matters which are essential to an understanding of the details of the kind of policy announced by the Prime Minister in May and referred to by him a few moments ago in the adjustments that he made. This government has been in office now for two years. I fully appreciate the difficulty of the problem. It is an extremely difficult one. No matter who is in charge, will not be able to meet all the suggestions that are made as to what should be done in the matter of civil defence.

I know the difficulty of the government and the difficulties of the minister and his colleagues who will be involved in this matter. We are living at a time when we are spending on a national defence something less than $2 billion. We all realize that in the event of war—something that we all hope will not eventuate, but nevertheless having in mind what General Norstad talked about the other day, namely the possibility of mistake—we must think of the effect of this on the civilian population.

Are we now decided that we must take an awful risk? Are we to take the position that nothing really can be done? Are we to abandon the possibilities of evacuation because of the new phase that we are now in as compared with the situation which prevailed in 1953? I would have been happy to know exactly what is going to be the role of the army. I would like to know what would be the relation of the army to the civil power. At the present time the primary authority rests with the civil power who may under the Militia Act call upon the use of

the armed forces which could be, through a departmental arrangement, put at the disposal of the civil defence authorities.

These are questions which parliament certainly has not been informed about. The provinces may have been told about them, but we certainly were given no indication of what went on at the meeting with the provinces a month ago. There is to be a meeting in October, and that will follow the transfer of ministerial responsibilities on September 1. What is going to be discussed at that meeting? I believe that it would have been advisable for the government to give to the public at once, or at least at the earliest possible moment, the report which was made by General Graham. The minister at one time indicated, I thought, that he would make that report available, and then he took the position later that it was a privileged document, prepared while General Graham was still serving in some capacity in the government service, and on that account it was not in the public interest to make it known.

There are exceptions to privileged documents, and if General Graham, who had made a tour throughout the country and talked to civil defence people and examined the situation from every angle, had positive views, those views contained in that report should have been made available to this parliament. If the government persisted in not making it available, then I think the minister at some time earlier in the session should have given us the broad outlines of the government's reaction to the recommendations contained in that report. The minister was invited by me on at least four occasions during this session to give a statement to the house on civil defence, but I was reminded every time by the minister that that would be done in due course. I think his favourite phrase was, "High priority is being given to these things." I am sure he will agree with me that "high priority" did not mean high information, and the result is that we do not know tonight any more than we did a year and a half ago what the government's policy in the matter of civil defence is.

We do know that there is going to be a new distribution of functions. We do know there is going to be one minister who will have the responsibility of announcing policy and of playing the role of co-ordination; but beyond that I submit to the minister, with respect and with understanding of his difficulties, that whoever is to blame we are no further advanced as to what the government policy is in civil defence matters. We know that the government will pay a little more to the municipalities, but I am not talking about that. I am talking about the kind of attitude the government takes about the importance of civil defence.

What steps can be taken to protect the individual in the face not only of the manned interceptor but the I.C.B.M. and the like? What can be done to mitigate the dangers of radiation? The minister spoke of shelters and that these are now within the economic reach of the average citizen. I point out to him that there are studies in his department which will show that this was available two years ago. They show that shelters could be built at an economic level which would not be burdensome on a great number of individuals in Canada. Now the minister says that a further study is being made of this phase of the problem.

In the state of New York they have arrived at a decision on this matter. The governor of New York has a definite view as to what can be done by way of individual shelters, and I do not know how valuable this further study is going to be. If the minister feels in the light of his special knowledge that there must be further study made about the uses of private shelters, one cannot quarrel with him; but if there is going to be a study as to the feasibility and economical circumstances attending shelters, what is the government's policy? Is it going to build shelters? Is it going to make these available to the public in certain concentrated areas, or are individuals expected to build these shelters themselves? Is there going to be any requirement made by the government as to shelters in public buildings? Is there going to be any suggestion made to the provinces that in respect of matters coming within their constitutional competence they should take steps to see to it that shelters are provided, perhaps even as a matter of compulsion as is thought of in New York?

These are the kind of matters that the minister has not spoken about to the house. I know he will find it very difficult to give a comprehensive statement tonight because of the great and absorbing interest of all members in this subject at the present time. I fully realize that, but I can say to the minister that if that is the situation it is because the government did not take advantage early in this session of announcing its new look in the matter of civil defence. I hope the minister will not take amiss what I say. I do not blame him entirely for this, but because he is the minister of the moment who is shouldered now with the responsibility in so far as his estimates are concerned, I do not know to whom else I can throw my dart.

Mr. Winch: Mr. Chairman, it was my understanding that an agreement had been reached by all parties of the committee on the date of prorogation, and the time. Every member in this committee has the right to speak as often and as long as he wants, and in view of the fact that apparently we are now a long way behind our schedule—

Mr. Fleming (Eglinton): No.

Mr. Winch: Yes we are—I would like to suggest that if there are party members who feel they have so many things on their chests which they have to get off, then I would like to ask if perhaps now is not the time to set a new target date unless those who reached the agreement abide by it.

Mr. Regnier: Mr. Chairman, I cannot let the opportunity go by without speaking on the matter of civil defence. The point I am interested in is human survival. I have been listening to the Prime Minister and the Minister of National Health and Welfare, and I have had a lot of satisfaction in the knowledge that they have been thinking about this problem. According to the Prime Minister's statement we have at least one shelter, and that is the government. But I am a bit surprised by the hon. member for Essex East in the way he talks now about action, shelters and so on, when on August 31, 1955 government experts were here in Canada, one coming from NATO, and a Dr. Alvin Groves from Nevada, and others, when they pointed out to the government of that day that the time to act was now, and now was August 31, 1955. However, when they left office they had done nothing at all.

I am also delighted that the minister talked about shelters and not about evacuation. I do not believe in evacuation, because there will not be time for it. I still remember the occasion of a terrible snow storm in Winnipeg on November 18, 1958 when schools were closed and funerals were cancelled. Where could we have gone that day if an attack had come? There was no way of leaving Winnipeg.

I have in my hand a map of the city of Winnipeg and surrounding district taken from the Winnipeg telephone book. The map outlines civil defence rules and illustrates points of evacuation for each area. The people of the municipality of St. Vital, a community of over 20,000 persons, are directed to go to St. Pierre where there are not more than about 200 homes. How could 20,000 people be accommodated there? This community is approximately 35 to 40 miles away which would not be far enough and is east of Winnipeg, the direction of the prevailing winds.

[Mr. Martin (Essex East).]

Following the testing of a nuclear bomb in 1954 it was stated by an eminent professor that radiation contamination would extend 200 miles distant from the central point which would cover an area 20 miles wide. It would be impossible to escape a bomb. A shelter on the site of a dwelling is required. We do not know where the bombs will fall. If you were in a shelter 10 or 15 miles from the point at which the bomb fell you might be safe.

I believe we should encourage every Canadian householder to have his own shelter, and these should be not too expensive. They should be suitable for use in civilian life to store preserves or canned goods or for use as a root house. We may have to live in such shelters for a few days in the event of attack.

Russia may attack in winter. It must be remembered that Russia won the battle of 1812 in large part because of cold weather. Perhaps Hitler's defeat by Russia was due more to cold weather than to Russian arms because frozen soldiers are not capable of fighting with success.

Notwithstanding the great advances made in civil defence I feel a certain degree of apprehension about the situation in the country. Canada should follow the plan adopted by Sweden. That country has spent more than $200 million on shelters and civil defence. Every person in Sweden knows where he is to go in the event of war and even knows the house in which he will be billeted. Civil defence training is compulsory in that country. In view of the danger that is facing us we should resort almost to conscription in order to defend ourselves.

I have received a letter drawing to my attention an article of some interest on this subject entitled "Washington through Canadian Eyes" and bearing date July 7, 1959. It reads, in part, as follows:

> In case you missed it, a congressional committee has unveiled the gruesome details of what a nuclear attack on the United States would mean: 50 million or more dead, fire storms such as the world has never seen, 20 million seriously injured, most cities reduced to rubble, etc., ad nauseum.
>
> But interesting for Canada is the fallout pattern from the southeastern corner of British Columbia, also probably catching Calgary, roaring over the Niagara peninsula and cutting through the industrial heart of Canada, through Windsor, Hamilton, Toronto, hitting Montreal and much of Quebec and swooshing through New Brunswick. Canadian cities close to the United States border, like Windsor, would likely be destroyed.
>
> Presumably the North American air defence would be able to shoot down some of the vehicles (manned bombers or ICBM's) carrying the nuclear bombs, thus having them descend on Canadian cities and towns with unpleasant results for us.
>
> The one clear point made during the hearing: civil defence measures could save millions of Canadian lives. The human race is not going to be wiped out by a nuclear war, and if there are

enough bomb shelters and other civil defence equipment available, several million Canadians might be saved from nuclear death. Public apathy caused by the overwhelming enormity of the concept of nuclear war is the greatest obstacle to overcome.

I agree with that statement. Public apathy is indeed the greatest obstacle to overcome and I might say parliamentary apathy must also be overcome. I have not heard a worthwhile speech from members of the Liberal party or the C.C.F. group on this subject. We must realize the danger confronting us and acquaint the public with the full facts of the situation. The Canadian people require leadership. We must bring home to the people the seriousness of the situation. The money spent on civil defence would then be willingly contributed to by the taxpayers.

Mr. Weichel: Mr. Chairman, I am sorry to come in at this time but for some months I have had some comments prepared relating to these estimates and I shall detain the committee as briefly as possible.

In rising to speak on the civil defence items in the 1959-60 estimates of the Department of National Health and Welfare, I want to compliment the Minister on the progress he has been making since civil defence has been assigned to him and, in particular, on the co-operation he has been able to receive from the provincial governments. Much of this is due, I feel, to the minister's practice of taking provinces into partnership by calling them in for conferences with him. He has had conferences with the provincial civil defence ministers last October and again in April this year, the first time the provinces have been called in to Ottawa on civil defence problems since 1954. My understanding is that a third conference, when the new reorganization is complete, is scheduled for this autumn in a continuation of this general policy of achieving a thorough understanding with our provincial partners.

In reading over the new proposals I note with particular interest that one of the existing peacetime emergency services which the army would direct in such damaged areas where they are commanding re-entry operations is the provincial and municipal fire services. This is of particular interest to me as only a few weeks ago I was at the head table of the annual banquet of the firefighters' union in the province of Ontario which was held in my riding's largest city, Kitchener. I am very proud of the fact that my county of Waterloo has long been one of the leaders in civil defence and particularly in fire civil defence. My home county of Waterloo, which comprises three cities and Preston, was the first county in all of Canada where the fire departments in the entire county are united in one shortwave radio network where the dominant city's fire department can sound the sirens and call out the firefighters in every municipality in the entire county by using their shortwave radio network system, and so unite all the fire departments in any fire emergency to work under one unified radio command. Seventeen fire departments with over 400 firefighters are organized in this Waterloo county mutual fire aid plan. It is so well developed, under the leadership of Fire Chief Kenneth Putnam of Kitchener, who is also this year's president of the CAFC, that they have their own county fire training grounds and an active educational and social organization that meets monthly.

The co-operation that civil defence has received from the county of Waterloo is typical of the co-operation the minister receives from the Ontario government which has developed the largest civil defence organization in any province in Canada.

Let me summarize my views on the reorganization of civil defence as announced in this house a few weeks ago by the Prime Minister, and followed by the recently published civil defence order of 1959, namely 656. I think the new proposal makes sense. Under this Canada should look forward to a sensible and realistic organization of our people to meet an emergency we all hope we will never have to face.

Mr. Peters: I should like to say a few words on this matter as I think it is a very important subject. I was surprised that the minister did not ask for permission to table the full text of his presentation because I think it is very important that we do know exactly where we are going in this matter of civil defence and of the change that has been made in it. I was also surprised to note he said that before 1953 the attitude was against evacuation and now it is toward evacuation. I should like to ask him how he thinks we are going to evacuate even a city the size of Ottawa when we cannot even get the traffic out of the city for several hours at rush hour periods? Therefore, evacuation seems to me to be an impossible situation. I think the civil defence department should work from the knowledge that we cannot evacuate a major city. If anybody doubts that all he needs to do is to go down to Wellington street at 5.30 at night and see for himself or go to Yonge street in Toronto at 5.30 at night and have a look at the situation. I think it is a physical impossibility to evacuate. These are people who are walking out of their offices and getting into cars. Just imagine what would happen if some woman wants to take a budgie bird

or someone else wants to take a goldfish, or bedding and other personal belongings. Evacuation is an impossibility, I think.

Civil defence may have worked all right. There has been a great deal of credit given to the leadership that has been supplied at Arnprior in the civil defence school. I know many of the people who have taken the courses and they have been very impressed with the training that they received. The government has failed to give leadership in deciding what civil defence itself is going to do. I know many important people in communities in my area who have volunteered to assist in civil defence and have been very disillusioned and dissatisfied with the opportunities they get for doing anything that is constructive or anything that appears to them to be worth while. Though they are willing to give up their time on a voluntary basis, they are very often, in a very short time, disillusioned with the orders and the multitude of directions and instructions that come from all sorts of places, and they are never sure just who runs it, who is responsible for it and where it is going. Under the system that has been devised and outlined tonight I think they are going to be even more confused because the heads of the various departments from whom they are going to take direction are going to be divided again into a number of departments.

This civil defence matter is much more important to the Canadian people than the defence department itself will be or could be. In case of an attack Canada is not going to be defended. We should face the fact that we cannot defend. If we do this, then we have to face the fact that we should try to do something to help the poor people who are going to be left in what many consider to be a defenceless position. This is going to take a good deal of study if we are to save even that half of the population that the hon. member for Port Arthur said may exist after a bomb is dropped and the radiation has finally settled.

The department should look very closely at some of the other agencies that have been very active and very helpful in cases of disaster. I am referring particularly to the experience that was gained in the city of Toronto at the time of hurricane Hazel. They found there that the civil defence organization, although it was very young, was of very little use. They found that the army was of absolutely no use at all. The other services were in the same category, no use; but they did find that two organizations which were not expected to be involved were of a great deal of value. One of them was the Bell Telephone Company and the other was Hydro. Without going into the details, the officials who were connected with civil defence at that time pointed out that they were operated in such a way that there was an individual responsible for a unit. They could move the unit around themselves; whereas the army was a unit to start with and it was very hard to break it down and to delegate responsibility; once an order was given, then that order was carried out and that was that. But with these other organizations that are built up on a truck unit or a very small unit basis, they could expand into a very large group under the authority of the person responsible for the original unit.

This matter should be given very close consideration. The minister should put out a direction. If he cannot do it by tabling the brief that he had prepared, then he should make available the much more comprehensive document that has already appeared on this subject, so that again the people in the small communities, the leadership that is being given from the civic point of view, will again be enticed into the civil defence organzation and be again in a position where they wll be of some help in this organization and continue to do the work that is going to be absolutely necesary if civil defence is going to be of any success at all.

Item agreed to.

The Deputy Chairman: This completes the estimates of the Department of National Health and Welfare. The committee will now take up the estimates of the Department of Finance.

DEPARTMENT OF FINANCE

General administration—

106. Departmental administration, $2,461,599.

Mr. McMillan: Is the minister going to make a statement?

Hon. Donald M. Fleming (Minister of Finance): Mr. Chairman, I think there is no occasion for any statement on the part of the minister. All questions pertaining to matters of policy related to the Department of Finance, I think, have been discussed during the course of this present session on many occasions; indeed to the point where I think they are—

Mr. Chevrier: Threadbare.

Mr. Fleming (Eglinton): "Threadbare" is the word. I said that on a previous occasion, Mr. Chairman. Therefore, I will simply content myself with the observation that I am asking the committee to approve estimates of this department totalling $1,261,434,605 in the main estimates and $5,155,000 in the supplementary estimates.

Of this amount the overwhelming bulk is, of course, of a statutory nature, namely $1,172,264,701.

Mr. McMillan: Mr. Chairman, I agree with the minister that we have discussed a good many of these items within this fiscal year in one way or another, and certainly I can assure the committee that I want to be brief and I have not the heart tonight to excite the minister to give us another three-hour talk.

Mr. Fleming (Eglinton): You could not even pay me to do it tonight.

Mr. Chevrier: I am glad to hear that.

Mr. McMillan: I just want to say a very few words. I always come back to the conversion loan. At the time of the conversion loan I predicted that the taxgatherer would be around for a generation. The estimates of the Department of Finance are the first evidence that we have had that that is so in connection with federal government spending. There is an increase of $106 million to service the national debt this year and this is bound to be followed next year by another large increase not only because of the increase in debt alone but because of the increase in the cost of money to the government.

The minister has referred to the different talks I have given as doom and gloom, and tonight the references I make to my previous statements will be brief. I will quote some of the minister's statements and I am sure he can take no objection to them as they are quite optimistic.

I want to refer briefly to the conversion loan. Whether or not the government likes it, I think that loan has been responsible largely for shaping the monetary policy of the government since that time. We all know about the conversion loan. I will not pretend to deal with it except to say that I have one vivid recollection of a $10,000 bond being converted and costing the taxpayers of Canada $350 including, of course, $51 in accrued interest to change this one 3 per cent bond to a 4½ per cent bond. We know that at the time $6.4 billion of victory bonds were to be converted into two short term bonds and two long term bonds, but in spite of the greater inducement only a little over half of these bonds were converted into long term bonds and slightly under half into short term bonds. I think some of the short term bonds will embarrass the government in many cases more than if the conversion loan had never taken place.

We all know about the cost of the conversion loan. I made some predictions at that time and I should like to quote one from *Hansard*:

> Dominion government bonds are the senior security and they set the pattern for other bonds. Certainly our provinces, our counties and our municipalities will have to pay a higher interest rate than formerly for their borrowings for roads, schools and other services.

We all know that interest rates have gone up for the provinces and the municipalities. What did the minister say at that time? He made a long speech on September 4. I have five quotations here but I will just give two of them. As found on page 4598 of *Hansard* he said:

> As to the provinces and municipalities, in their borrowing operations they will derive the full benefit from these constructive results of the Canada conversion loan.

Again, on the same day he said as found on page 4593 of *Hansard*:

> Mr. Chairman, I am thankful to say that we have stabilized the Canadian bond market.

I know that the minister made a good many predictions on that day. I think I counted some 20 or 30 and I should like to challenge the minister to name at least one or two that have come true. To help to justify the conversion loan to the committee of supply on September 4, 1958 the minister gave us a considerable list of those who had converted their bonds. He gave a list of the provinces. For instance, he said that Alberta had converted $69 million, Manitoba $25½ million, Ontario $69½ million, Quebec $2 million and Nova Scotia $21 million. Concerning New Brunswick the minister said, as found at page 4600 of *Hansard*:

> New Brunswick, with various provincial accounts, holds a total of $6,743,000 of victory bonds, and that grand province of New Brunswick converted all of its holdings of Canada victory bonds into the conversion loan.

I wonder what the grand old province thinks about that now with a loss possibly up to 10 per cent of that amount. If we take all these provinces and add the amounts together we find that these provinces are down, so far as market value is concerned, between $15 million and $20 million. I met a person from New York and he said that the market was down so much he was frozen right into the market and could not get out. That is true of our provinces. They are frozen right into the bond market and cannot get out unless they take a loss.

There is just one other thing I want to say and I want to co-operate in getting along with the business of the house. The other day I heard the minister say in the debate having to do with Newfoundland that hon. members

on this side of the house should read the press. He emphasized that on two or three occasions.

Mr. Fleming (Eglinton): I did not make any such statement.

Mr. McMillan: I should like to ask him to read the press himself. I have some press clippings here and I am going to read the headlines. I have the Halifax *Chronicle-Herald* of May 25, 1958, with the headline, "Confusion In Financial Policy"; the Hamilton *Spectator* of May 2, 1959, "No Easy Path Back to Sanity"; the *Financial Times* of May 8, 1959, "Does Mr. Fleming Not Know Better"; the Lethbridge *Herald* of May 5, 1959, "Tight Tory Money"; the Winnipeg *Free Press* of May 12, 1959, "The Result of Tory Financial Mismanagement"; the Toronto *Globe* of December 31, 1959, "12 Months of Mystery", and the Toronto *Globe* of May 15, 1959, "Oh Mr. Fleming". That last headline appears over the column "Looking Into Business" in which the writer, Mr. Fraser Robertson, says:

> The unhappy part about Mr. Fleming's vacillation is that it is all unnecessary. There is no reason for his half-truths about the financial situation.

I have never gone that far. I would not use the word "half-truth" because I know it is unparliamentary. In fact, I would not use it in any event but I have said that in the house he has continually compared apples with oranges. I think the fiscal policy of the government is made up of two phases. The first phase was the conversion loan as a result of which the people lost confidence in the fiscal policy of the government. The second phase concerns the effort of the government to extricate itself from the trouble.

What effort is the minister making to get out of this trouble? He has increased taxes by $352 million. He has issued a lot of short term loans and each successive loan has a higher interest rate than the previous one. We know that some of these loans return to people with incomes taxable at a level of 50 per cent or over at least the equivalent of 8 per cent or more if they have bought bonds at par. That is what the government has done for the rich people. What has it done for the poor people? At Brantford on February 17, 1958, the Prime Minister said:

> The humblest of our people will not be forgotten.

They certainly have not been forgotten. They are being charged more excise taxes, more taxes on their cigarettes and more on their beer.

Mr. Fleming (Eglinton): No change on beer.

Mr. McMillan: If they work and pay unemployment insurance they are paying more than their fair share to take care of the depletion in the unemployment insurance account. I do not think there is any doubt about that.

What has been the result of the loss of confidence in our fiscal policy? Our bonds are selling among the lowest of those of the western free world. I said before that they were selling lower than those of Cuba but since the prime minister of Cuba has resigned their bonds have gone down as low as ours. Our bonds are selling lower in many cases than provincial and provincial guaranteed bonds. I put that on record not very long ago. We have a condition in Canada where the farmer and the corner grocery store owner can go to a bank and get money cheaper than the Dominion of Canada on some of its borrowings. This is forcing our provinces and utilities to borrow money in New York, thereby helping to maintain the premium on our dollar, which makes conditions bad for our exporters.

As I predicted, it has raised interest rates not only to the federal government but to the provinces and municipalities. It has increased the cost of living and the cost of production at a time when it is difficult for Canadian producers to get into the markets of the world.

I would appeal to the minister to listen to some of the things in the press to which he should listen. I would appeal to him to take some of the advice of the financial men who this last year have taken the attitude that the best way to help our provinces and municipalities is to help ourselves by getting our finances in better shape here. If we do, we will reduce interest rates in this country and we will thereby reduce interest rates for our municipalities and provinces.

Mr. Herridge: Mr. Chairman, I spent some considerable time preparing what I thought was a rather good 30-minute speech on this departmental administration item. Here is the result of it. Self-sacrificing as I am, I am going to lay it aside. In view of the time factor and our general desire to get through this session this evening, I am simply going to bring to the attention of the committee that our party's policy with respect to finance was presented to the house on January 29 by the hon. member for Timiskaming in which he dealt with the problem of inflation, with which the hon. member for Welland has just been dealing. Again, in seeking supply, the C.C.F. policy with respect to this question was stated.

I must say, Mr. Chairman, I had looked forward to the opportunity of informing the committee and the minister, advising the minister, and I trust everyone will appreciate what we are doing for the sake of advancing

our business this evening. Having said that, I will have some comments to make on the various items as they come before the house.

Mr. Pearson: The minister, I understand, said a few moments ago that in the course of this session he has said, everything on these matters that needed to be said. I hope I am not misquoting him. He said a great deal, and we appreciate the information he has given us, but I doubt very much that he has said everything that needed to be said. I do realize, as my hon. friend who preceded me realizes, that this perhaps is not the most propitious time to make a long speech on the financial and economic situation that confronts us now, even though the general item for the Department of Finance is the appropriate occasion to do that.

However, I do not want this session to end without giving the minister one or two further opportunities to interject "Nonsense" or "Rubbish", so I hope he will forgive me if I make a few remarks on the general financial picture. There is no doubt the country is facing serious economic problems: Unemployment still remains high, in spite of the seasonal improvement and the seasonal improvement will soon be coming to an end; increasing prices; the threat, at least, of inflation; a large government deficit and increasing public debt; scarcity at the present time of mortgage money; a reduction in housing construction; tight money, if I may use that expression, with unprecedented levels of interest rates; and a depressed bond market.

I do not want to prolong this discussion by referring to all these serious problems because that would take a great deal of time, but I do express the hope that they will receive and continue to receive most careful and continuing attention of the government, and that some effective solution can be found. Otherwise, when parliament meets again, we on this side will certainly be fully justified in criticizing the government for its failure to meet these problems. However, I do want to refer, and it will only be for a very few minutes, to one or two specific problems with which perhaps the minister might be good enough to deal.

The first is the money supply. The money supply, as the minister knows, reached a peak in October, 1958, I think it was, after the conversion loan and then, for a time, there was a reduction. But recently it has been on the rise again and a new peak has, I believe, been reached. The money supply has increased since May 27 by about $140 million. If that trend continues there would indeed be more than a danger of inflation. There might, indeed, be the reality of inflation especially when we approach a condition of full employment, and it is the prediction of the government that we are approaching a condition of full employment. If this money supply keeps on increasing the inevitable result, I suggest, will be inflation. We will be watching, on this side, very carefully what happens on this front during the next few months.

Perhaps I might say a word about the debt position of the government. The situation in that respect is I believe worrisome and, I think, worsening. At the end of June, 1958 Canada had a record total debt for all time of $4,800 million due in two years or less. That, I suppose, was the real reason for the conversion loan of the summer of 1958, to stretch out that debt. Assuming, Mr. Chairman, there are no cash bond issues, that the October maturity is rolled over into a two-year or shorter bond and that all maturing bills are rolled over and that the current six months bill cycle is completed, we will again, I believe, have a record short term debt at the beginning of next December when $1,021 million in 3 per cents due in December 1961, will become less than two years in term. At that time, next December, if my calculations are correct and on the assumptions I have made the total debt under two years might be of the order of $5,800 million, which would be $1 billion more than that which existed just before the conversion loan.

The question naturally arises, therefore, what is the government going to do about it? Are we likely to have another conversion loan? Perhaps the minister, even at this late moment of the session, will take us into his confidence, at least in a general way, and tell us how the government proposes to cope with this very serious problem.

Then, Mr. Chairman, there is this tight money situation. I often like to call it a dear money situation, but I have been told I should not do that because there is a suggestion of affection about the word "dear". This is a subject on which the minister was very excited when he was in opposition. I have just ventured to point out the dangers of the increasing money supply as we proceed on the road to recovery. I hope the minister will not deny, as it seems to me he has tended to do, that we are now suffering from tight money conditions. All objective and independent observers, it seems to me, have recognized this condition. The minister, more than once, has denied that these conditions exist or that they are comparable to the conditions about which he used to talk when he was referring to tight money in 1957.

Then, it seems to me somewhat illogically, he argued that if they do exist they are not really the fault of the government because they are not matters of government policy; that the government turns the responsibility in these mattters over to the banks.

On this subject, may I bring to the minister's attention—and these will be my concluding observations—an extremely interesting article which perhaps he has already seen and which appeared in a United States magazine entitled *Business Week* of June 20, 1959. I should like to quote just a couple of paragraphs from that article. The first is as follows:

—interest rates in both Canada and the U.S. are high and trending higher. In both cases it is a reflection of tightening money and anticipation of even tighter money in the future.

Both countries face the same problem. But the "tight money" issue is closer to coming to a head in Canada than it is in the U.S.

Then it goes on to state:

In Canada, where no ceiling prevails,—

That is on interest rates or government bond interest rates.

—few experts think that the government could sell a long-term issue even if the rate was above the market. So the problem facing Prime Minister John Diefenbaker's government is already acute.

Then these two paragraphs:

This week, on Toronto's Bay street—which vies with Montreal's St. James street for the role of Canada's Wall street—financial men were freely predicting that short-term rates would break through 6 per cent. Some pessimists think that rates are sure to break through the height barrier reached in 1920, when Canadian bonds were yielding over 6¼ per cent.

The big question is whether high interest rates and scarcity of credit will impede Canada's remarkable growth rate which, up until 1957, outpaced the U.S. But the 1957-58 recession hit harder and lasted longer in Canada and now, despite the fact that unemployment is over 5 per cent, money is not only expensive but increasingly scarce.

Those are one or two aspects of the financial picture—and they are only a few and I have touched on them very briefly—which even in the circumstances of the closing of the session I venture to bring to the attention of the minister in the hope that perhaps he may give us a word of assurance in connection with them.

Mr. Chevrier: I am delighted that the Minister of Finance indicated earlier that he is in no mood to make a long speech on the consideration of his estimates on what we hope is the final day of the session. In what I have to say I shall attempt to be as non-provocative as possible. I can assure the minister and my delightful friend the Minister without Portfolio, the hon. member for Greenwood, who used to speak from this side of the house with such kindness but also with such effectiveness that I will not attempt at this late hour of the session to interject a note which will at least bring about a heated reply from my hon. friend across the way. However, I feel that there are certain matters—one in particular—which I should like to discuss and I shall do so briefly. It has to do with university grants, a matter with which I am sure the minister is not totally unconversant.

Mr. Fleming (Eglinton): Would my friend be willing to reserve his remarks until we reach that particular item? In this way I suggest that we would avoid a discursive debate. We have in the estimates an item dealing specifically with that matter.

Mr. Chevrier: I know there is a specific item which I have read very carefully. I hesitate to refuse to accept the ministers' suggestion but I feel that these remarks, which may perhaps go beyond the scope of the specific item, would be better discussed on this item.

The question of federal grants to universities, as the minister knows, was raised again during the last electoral campaign and the great majority of the Conservative candidates in Quebec stated that those grants were unconstitutional. They went a step further and said that if they were elected such a violation of the constitution would cease.

I should like to analyse for a moment what has happened since then in this respect. The Conservative government, wisely I believe, has not only continued federal assistance to universities but it has increased them and it is still using the formula proposed by Mr. St. Laurent in 1956. Moreover, the Minister of Finance has at no time indicated his intention to change that formula or to abandon that program. He merely stated in the house last year that if the premier of the province of Quebec, Mr. Duplessis, had any suggestions to make or any proposals to make, he was ready and willing to hear them, to consider them and to study them. Mr. Duplessis has never made any precise proposals in the past and nothing happened in this respect during the last year.

As the house knows, federal grants were not discussed at the federal provincial meeting of November, 1957 and, according to the Minister of Finance's own admission recently, that matter was not even mentioned at the last meeting of finance ministers held in Ottawa in July. As far as the government is concerned, therefore, this important matter is considered as being settled. The Minister of Finance is not prepared to take the initiative and try to find an alternative formula —and I cannot direct any blame at him for

that fact—and Mr. Duplessis, on the other hand, judging from past experience, will not present new proposals.

The problem remains, however, and the solemn promises made by the followers of the Minister of Finance in the province of Quebec are not yet fulfilled. They are trying their best now to forget the commitments they gave during the last campaign and I am told that they are prepared to support federal grants to universities on the basis of the St. Laurent formula, as they did last year in this house. We all remember very well, of course, that all the Quebec Conservative members who were present in the house last year, including the hon. member for Quebec East and the member for Bellechasse, voted in favour of those grants to universities. To show how inconsistent their position is, most of them refused this year to support federal contributions for the construction of the trans-Canada highway. They voted in favour of federal grants to universities, which not long ago they claimed were unconstitutional, but they do not accept federal grants for the construction of the trans-Canada highway, on the ground that such federal assistance is a menace to provincial autonomy and to the French Canadian culture.

This is not, however, the only inconsistency that they have shown. During the present session the hon. member for Bellechasse, who I am sure would not deny his position as one of Mr. Duplessis's spokesmen in this house, explained his attitude on federal grants to universities. He re-stated his former position that such grants were unconstitutional, that they were a violation of our constitution. For those who want to look at it, it can be found at page 2947 of *Hansard*. But having said that—and immediately I admit that he is entitled to his own opinion, as is any other hon. member of this house, and he is entitled to place his own personal interpretation on the constitution—he went on to explain why last year he had voted in favour of those grants. He said this and I quote:

(Translation):

To that, as far as I am concerned, I reply that, being a federal member, I could not afford to ignore the nine other provinces which had raised no objection in principle and felt no inconvenience of a regional nature in accepting the grants. I could not afford to ignore the fact that the universities and colleges of those provinces had drawn up their budget and their development projects in the light of the precedent of 1952, which has been firmly established ever since. Nor could I afford to ignore that, in those provinces and within those colleges and universities there are fellow compatriots of mine, of the same origin as my own, who have derived and still are deriving from those grants, unquestionable benefits without which they would have found it difficult to insure the survival of their institutions of higher learning. Nor could I afford to ignore that, among the ten provinces of the confederation, there are some which, unfortunately, are not financially in a position to provide for the maintenance and development of their own institutions of higher learning.

That is the end of the quotation, which may be found on page 2947 of *Hansard* for April 22, 1959, English version.

(Text):

So, sir, in attempting to explain his attitude the hon. member was also attempting to justify the position of all his Quebec colleagues who like him last year voted in favour of federal grants to universities. This statement is a most inconsistent and dangerous position to take for so-called champions of provincial automony and defenders of the constitution. In effect they say this. What the federal government is doing in this respect is clearly a violation of the constitution, and the province of Quebec is against it and we will support that measure because the nine other provinces are not opposed to such federal assistance.

In other words, the position of those Quebec Conservative members can be summarized by the following proposition: We from the province of Quebec accept and support a clear violation of the constitution of our country if the nine other provinces do not object to that violation. Is this the way the Quebec Conservative members intend to defend what they think is a clear provision of our constitution? If it is, then they are the most dangerous enemies of provincial autonomy and of our constitution.

But this is not the whole story. Having accepted that the constitution might be violated in this respect in so far as the nine provinces are concerned, they ask for a special deal for Quebec which would take the form of an unconditional subsidy to the provincial government in lieu of the present federal grants to universities. The Minister of Finance would find it difficult to refuse such a proposal because of the peculiar interpretation he gave in his budget speech to federal grants to universities. At page 2410 of *Hansard* he presented a table showing federal contributions to the provinces, and he included university grants in that table. For the Minister of Finance, therefore, university grants are a federal contribution to the provinces.

If this is the purpose of such grants—as far as I am concerned I do not think so—then why not give that kind of assistance directly to the provinces? To say, as the Minister of Finance did, that federal grants to universities are intended to help the provinces, is stating

a very dangerous principle. Indeed, if those grants are interpreted in this way, why then should federal assistance be limited or restricted to universities? Why not give additional help to the provinces by offering federal grants to secondary and primary education or to secondary and primary schools? As can readily be seen, as soon as university grants are interpreted as a financial contribution to the provinces, there is then no valid reason to stop there and to refuse federal assistance to the other levels of teaching institutions. The Minister of Finance may not have fully realized the dangerous interpretation of the statement or the table which was placed on *Hansard,* and also the dangerous implications of the interpretation which he gave to university grants in his budget speech. He has opened the way for federal assistance to all levels of education in Canada, and I hope that he will find it possible today to clarify his position in that respect.

As far as I am concerned, and I am sure not to be the only one on this side of the house to find myself in this position, I cannot accept that interpretation of federal grants to universities. I cannot accept that interpretation because it would justify federal assistance to secondary and primary schools. I want to make it very clear that I am and always will be strongly opposed to such federal grants. The attitude of the Liberal party concerning university grants is very clear and it has been consistent all along the line, not only from the time the formula submitted by Mr. St. Laurent was established, but earlier. We do not say in Quebec that the grants are unconstitutional and in the rest of Canada that they will be continued and increased. Since they were established in 1951 we have always said that such grants were constitutional.

I do not intend to discuss the issue here; I merely want to say to those who sincerely, I am sure, claim that those grants constitute a violation of our constitution that they have only one honourable course to follow, and it is this. They must state their opposition to this budgetary item in most vigorous terms. They must vote against it and they must use every means at their disposal, including a reference to the courts, in order to stop that violation. There is no acceptable alternative available to them if they want to be consistent and to safeguard their honour. They cannot claim that those grants are violating the constitution and at the same time vote for them because nine provinces want them.

However, the Liberal party has never viewed university grants as a federal contribution to the provinces. This system of grants was established as a direct compensation to Canadian universities for the national and international role that they are called upon to play and which greatly benefits the nation as a whole and the federal government itself. This has been and should remain the sole purpose of federal aid to universities, which is to compensate them for the national and international role they exercise and to enable them to fulfil the essential functions in a more efficient manner.

It is most important, it seems to me, to keep this national purpose in mind because it imposes three definite features of federal action in this general field. In the first place it indicates that federal grants to universities should remain a supplement in university budgets compared with provincial grants, because the main function of universities is exercised at the regional and provincial levels. In the second place, while university grants serve a specific national purpose, there is no such specific purpose to justify federal grants to secondary and primary schools. In the third place, there would be no guarantee that this national purpose—that is, the financial compensation for the national and international role of universities—would be served if additional unconditional subsidies were given to provincial governments in lieu of federal grants to universities.

It is quite evident that federal aid to universities is still an unsolved issue in the province of Quebec and that we should all try to find an acceptable solution. By the end of 1959 the national conference of Canadian universities will hold in trust for Quebec universities the large sum of $24 million, or approximately that amount. This is a very important and impressive sum indeed, and while Quebec universities have not yet lost that financial assistance, they have not been able to use that money and their progress and development has been hampered on account of that as well as being delayed. This is, therefore, a very important issue.

In attempting to find a solution, however, we should remember the three features that I mentioned a moment ago and which any federal scheme of assistance in this field should retain in order to preserve the national or dominion purpose which was at the origin of that program.

By the way, the hon. member for Quebec South, in an interview reported by the Montreal *Gazette* of September 9, 1958 recognized this dominion purpose and the national role played by universities when he said:

> However, Quebec universities, as all other institutions of advanced learning must each year

spend large sums of money in scientific research which is useful on a national basis and serves Canadian commerce and industry.

This, of course, if a very sound observation. But then, the hon. member went on to say that the present federal grants—which I want to underline are unconditional—were "an encroachment on provincial rights in matters of education". And he added: "As direct statutory grants to universities, they are not acceptable to Quebec". But he also said "that if federal grants were earmarked solely for research and the construction of laboratories they probably would be acceptable to Quebec on that basis".

This is a most curious and inconsistent position to take. The hon. member says: If federal grants to universities are unconditional, if universities can use that money in any way they like, including research facilities, then they are unconstitutional and unacceptable; but if such grants were conditional, if there were some strings attached or, in other words, if the federal government were restricting the freedom of universities in this respect and allowing them to use the money only for research purposes, then university grants would be acceptable. I admit that I cannot see the logic of that position and I say that this is a dangerous position to take. Perhaps the hon. member is so used to university grants distributed on an arbitrary basis in Quebec by the present provincial government that he would like the federal government to follow the same policy.

As far as I am concerned, I cannot accept that position and I want university grants to remain unconditional. At present Canadian universities are completely free to use that money as they see fit. They may include those grants in their general budget or use them only to finance capital expenditures or research activities. They accept the money this year and refuse it next year. They can also ask for only part of the amounts to which they are entitled each year or which have been accumulated and kept in trust for them by the national conference of Canadian universities. That complete freedom of universities must be preserved at all cost and any scheme involving restricting conditions should be rejected.

We must recognize, however, that the present formula still creates difficulties even if it guarantees the complete freedom of universities. Some people in Quebec are still afraid that it might create in the future an unfair situation for Quebec universities which are in a minority position within the national conference of Canadian universities. Personally, I do not share those fears and I am not alone in showing that confidence and optimism. However, in an attempt to overcome those fears and current difficulties, the Minister of Finance should announce his willingness to modify the present formula in one respect.

According to the agreement between the Minister of Finance and the national conference of Canadian universities, the Department of Finance gives each year to the national conference the total amount of the grants, that is $1.50 multiplied by the Canadian population for that year. From then on, the national conference distributes the grants directly to each university according to a simple arithmetical formula specified in the agreement.

My proposal would be to include in the present arrangement a new provision enabling the national conference of Canadian universities, when requested, to transfer the total grant due in a province to a provincial conference of universities which would then assume the responsibility of allocating that grant to each individual university or college on the basis of enrolment. Such a proposal would not materially disrupt the present system of university grants. On the other hand, it would enable universities in a province such as Quebec to form a group of their own and to have thereby an immediate and complete control over the distribution of grants to each university.

I believe that this proposal has some merit and that the minister should declare his willingness to accept it, if universities in any particular province express their preference for that method of distributing the grants. The implementation of that proposal would be very simple indeed because only a slight modification of the existing agreement between the minister and the national conference of Canadian universities would be needed.

I hope that the minister, in his reply, will express his views on that simple proposal which could perhaps solve an important issue. I trust that the minister will accept this proposal in the spirit in which it is offered and that he will feel that it is offered with but one aim in mind, the solution of a problem which is causing, if not injustice, certainly grave difficulties in one of the provinces of confederation. In the light of what I have said I ask the minister to give it his careful consideration.

Mr. Fisher: Mr. Chairman, the issue raised by the hon. member for Laurier is a very important one.

Mr. Fleming (Eglinton): Mr. Chairman, might I ask the hon. member to defer his remarks on this subject to item No. 124

because there the matter is dealt with specifically. Otherwise we are going to have a discursive debate on this matter. I do not intend to make my remarks on it until we reach that item. I will have something to say on it then. Perhaps my hon. friend would be assisting in making the debate orderly if our remarks on this subject could be reserved until we reach that item.

Mr. Fisher: Mr. Chairman, my remarks will be brief and so the minister need feel no concern about the order or length of the debate. As far as I am concerned, I am eager to leave the chamber as we have been sitting here far too long today.

What was recommended by the hon. member for Laurier was a device to take care of the Quebec situation in this particular matter. I think it is a device worth consideration but I suggest to both the minister and to the hon. member for Laurier that devices of this kind do not represent a solution to the fact that Quebec holds a completely different attitude toward education and the federal role from that held by any other province.

If the minister wants to win a reputation for diplomacy which we thought he was going to establish when he was mooted to be the next secretary of state for external affairs he can do one of two things. He can either make Quebec one out of ten, or on the other hand he could work out some system of federal aid to education that would satisfy the requirements that are now recognized in most provinces in this country and that would win the support of Quebec as well.

The other point I would like to bring up has nothing to do with this. I ask the minister whether he has noticed the recommendation of the committee on mines, forests and waters with regard to forests, and what that committee recommends in so far as a study of forest taxation is concerned, and what role he feels he or his department could adopt for carrying out the study that is recommended by this particular committee. I do not mean just a study that will apply to Ontario and British Columbia but to the industry as a whole, and especially to the pulp and paper industry group as a whole.

Mr. Pickersgill: Before the minister rises —I am not going to make a speech—I have two questions I want to ask. In the first place, has the minister got the tables for the five provinces on a basis absolutely comparable with the one he tabled the other day in the Newfoundland debate? If so, will he table them and have them put in *Hansard* so that they are there as available as the other one is?

Mr. Fleming (Eglinton): With pleasure, Mr. Chairman. I will do that right now. I have the tables for all the 10 provinces and the composite table for the aggregate and I have much pleasure in tabling them. If it is the wish of the hon. gentlemen that they be printed in *Hansard* I am quite in accord with the suggestion.

Some hon. Members: Agreed.

[*Editor's Note: The tables referred to above are as follows:*]

STATISTICAL SUMMARY OF FEDERAL CONTRIBUTIONS TO THE PROVINCES FOR THE FISCAL YEARS 1949–50 to 1959–60

MR. FLEMING (*Eglinton*):

The statistical information for section A, unconditional grants, has been drawn from the public accounts of Canada. The information for section B, conditional grants, has been drawn for the fiscal years 1949–50 to 1952–53 from D.B.S. publication "Financial Statistics of Provincial Governments" and from fiscal year 1953–54 to 1957–58 from D.B.S. publication "Financial Statistics of the Government of Canada" which commenced publication for the former fiscal year. There are minor differences between the two publications occasioned by differing year-end adjustments, as the former publication is based on the public accounts of the provinces and the latter publication on the public accounts of Canada. The figures for 1958–59 and 1959–60 are from various departmental sources and are preliminary. While the information is generally complete, in some cases no provincial distribution has been available and this has then been made on the basis of previous or anticipated experience.

The information in Sections C and D is drawn from the public accounts of Canada, departmental and agency sources.

With respect to slum clearance (section B), this is the net cost. It does not include advances for purposes of land assembly and low cost housing projects some part of which is recoverable. These advances amount to $18.8 million for 1957, $24.27 million for 1958 and $40 million for 1959. Losses on subsidized rental projects are excluded. These losses amounted to $54,000 in 1957–58.

1—NEWFOUNDLAND

1949–60

(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Preliminary 1958–59	Estimated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	1,925	1,540	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	17,586
2. Transitional Grant	6,500	6,500	6,500	5,650	4,800	3,950	3,100	2,250	1,400	1,050	700	42,400
3. Tax Rental [1]	4,860	7,220	7,733	12,789	11,825	12,547	12,484	13,805	4,449	4,737	5,402	97,851
4. Equalization	—	—	—	—	—	—	—	—	11,579	12,155	13,820	37,554
5. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
6. 50% share of Income Tax on Power Utilities	—	—	62	98	161	190	208	214	247	286	296	1,762
7. Atlantic Provinces Adjustment Grant	—	—	—	—	—	—	—	—	—	7,500	7,500	15,000
8. Term 29 Award	—	—	—	—	—	—	—	—	—	13,550	7,300	20,850
Sub-total	13,285	15,260	15,864	20,106	18,355	18,256	17,361	17,838	19,244	40,847	36,587	233,003
B—Conditional Grants												
1. Agriculture	—	—	—	—	8	33	81	130	137	162	164	715
2. Health	390	980	729	835	857	824	1,011	1,026	1,095	1,688	2,001	11,436
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	2,800	4,900	7,700
4. Welfare	1,468	4,719	3,224	952	1,019	1,020	1,126	3,716	3,456	4,577	4,762	30,039
5. Vocational Training, etc	—	47	63	90	84	414	142	406	385	181	345	2,157
6. Highways and Transportation	—	958	999	527	877	2,018	2,240	1,171	861	4,913	3,025	17,589
7. Resource Development	—	—	—	—	—	—	647	66	56	230	1,660	2,659
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	—	—
9. Civil Defence	—	—	—	—	3	21	31	33	14	25	46	173
10. Other	—	—	—	—	—	—	—	25	—	—	71	96
Sub-total	1,858	6,704	5,015	2,404	2,848	4,330	5,278	6,573	6,004	14,576	16,974	72,564
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	181	187	192	199	206	415	426	657	675	3,138
2. Grants to Municipalities in lieu of Taxes on federal property	—	—	15	48	17	—	47	—	33	133	n.a.	293
Sub-total	—	—	196	235	209	199	253	415	459	790	675	3,431
D—Payments to Individuals												
1. Old Age Security	—	—	1,697	6,996	7,243	7,460	7,599	7,738	9,491	11,000	11,160	70,384
2. Family Allowances	9,747	10,224	10,614	11,039	11,498	11,968	12,415	12,881	14,131	15,200	15,600	135,317
3. Unemployment Insurance Benefits	3,291	4,042	2,257	3,553	5,877	7,532	3,261	9,896	15,189	17,871	n.a.	72,769
Sub-total	13,038	14,266	14,568	21,588	24,618	26,960	23,275	30,515	38,811	44,071	26,760	278,470
TOTAL	28,181	36,230	35,643	44,333	46,030	49,745	46,167	55,341	64,518	100,284	80,996	587,468

[1] The recovery of the overpayment under the 1952 Agreement which amounts to some $102,315 per annum for fiscal years 1957–58 to 1961–62 has not been deducted from the tax rental payments for those above years to which the deduction applies.

n.a. = not available.

2—PRINCE EDWARD ISLAND

1949–60

(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Preliminary 1958–59	Estimated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	657	657	657	657	657	657	657	657	657	657	657	7,227
2. Tax Rental(1)	1,746	2,076	2,156	3,951	3,657	3,913	3,681	3,073	769	785	944	26,751
3. Equalization	—	—	—	—	—	—	—	—	2,955	3,074	3,327	9,356
4. Stabilization	—	—	—	—	—	—	—	—	412	418	—	830
5. 50% share of Income Tax on Power Utilities	—	13	19	23	30	43	52	36	52	49	51	368
6. Atlantic Provinces Adjustment Grant	—	—	—	—	—	—	—	—	—	2,500	2,500	5,000
Sub-total	2,403	2,746	2,832	4,631	4,344	4,613	4,390	3,766	4,845	7,483	7,479	49,532
B—Conditional Grants												
1. Agriculture	26	24	31	34	35	34	39	38	39	62	63	425
2. Health	187	216	237	234	224	276	357	300	335	586	499	3,451
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	—	400	400
4. Welfare	905	988	791	93	114	128	190	305	366	651	717	5,248
5. Vocational Training, etc	36	41	38	30	149	53	51	33	62	75	139	707
6. Highways and Transportation	—	134	400	429	112	23	528	434	1,233	544	525	4,362
7. Resource Development	—	—	—	7	10	14	15	15	17	1,240	1,838	3,156
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	—	—
9. Civil Defence	—	—	—	—	—	—	—	—	—	1	11	12
10. Other	—	—	7	—	—	—	—	—	—	—	—	7
Sub-total	1,154	1,403	1,504	827	644	528	1,180	1,125	2,052	3,159	4,192	17,768
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	49	52	53	53	54	99	99	150	154	763
2. Grants to Municipalities in lieu of Taxes on federal government property	—	—	—	—	—	—	26	58	76	89	n.a.	249
Sub-total	—	—	49	52	53	53	80	157	175	239	154	1,012
D—Payments to Individuals												
1. Old Age Security	—	—	755	3,156	3,204	3,262	3,314	3,371	4,140	4,800	4,755	30,757
2. Family Allowances	2,411	2,467	2,496	2,523	2,558	2,591	2,622	2,641	2,824	3,000	3,050	29,183
3. Unemployment Insurance Benefits	505	582	555	755	1,085	1,284	451	1,601	2,505	3,059	n.a.	12,382
Sub-total	2,916	3,049	3,806	6,434	6,847	7,137	6,387	7,613	9,469	10,859	7,805	72,322
TOTAL	6,473	7,198	8,191	11,944	11,888	12,331	12,037	12,661	16,541	21,740	19,630	140,634

(1) The recovery of the overpayment under the 1952 Agreement which amounts to some $228,221 per annum for fiscal years 1957–58 to 1961–62 has not been deducted from the rental tax payments for those above years to which the deduction applies.

n.a. = not available.

27/5/59

3—NOVA SCOTIA
1949-60
(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Preliminary 1958–59	Estimated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	2,005	2,005	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	22,523
2. Tax Rental	9,631	11,367	12,541	20,310	19,509	20,475	19,856	22,333	9,032	11,824	11,965	168,843
3. Equalization	—	—	—	—	—	—	—	—	17,375	15,575	18,704	51,654
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% share of Income Tax on Power Utilities	125	200	138	173	279	300	356	238	401	460	476	3,146
6. Atlantic Provinces Adjustment Grant	—	—	—	—	—	—	—	—	—	7,500	7,500	15,000
Sub-total	11,761	13,572	14,736	22,540	21,845	22,832	22,269	24,628	28,865	37,416	40,702	261,166
B—Conditional Grants												
1. Agriculture	1,370	564	295	73	70	76	72	62	93	103	129	2,907
2. Health	412	715	1,286	1,120	1,530	1,556	1,565	1,719	1,855	2,980	3,103	17,841
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	2,000	8,100	10,100
4. Welfare	5,814	6,832	5,458	1,147	1,279	1,325	1,560	1,573	2,127	2,829	3,010	32,954
5. Vocational Training, etc	200	213	249	273	274	375	399	420	452	510	679	4,044
6. Highways and Transportation	32	—	—	—	—	76	636	951	3,532	2,652	4,657	12,536
7. Resource Development	—	—	—	—	24	88	123	64	51	1,806	1,787	3,943
8. Slum Clearance	—	—	—	—	—	—	—	—	—	61	390	451
9. Civil Defence	—	—	—	—	4	18	31	25	39	49	91	257
10. Other	10	—	7	3	5	5	5	5	5	—	534	579
Sub-total	7,838	8,324	7,295	2,616	3,186	3,519	4,391	4,819	8,154	12,990	22,480	85,612
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	321	327	332	337	342	695	702	1,065	1,094	5,215
2. Grants to Municipalities in lieu of Taxes on federal government property	—	233	325	384	463	594	1,061	1,194	1,892	1,898	n.a.	8,044
Sub-total	—	233	646	711	795	931	1,403	1,889	2,594	2,963	1,094	13,259
D—Payments to Individuals												
1. Old Age Security	—	—	4,124	17,259	17,702	18,150	18,411	18,706	23,008	26,800	27,100	171,260
2. Family Allowances	15,292	15,660	15,950	16,297	16,716	17,148	17,597	17,973	19,400	20,600	21,000	193,633
3. Unemployment Insurance Benefits	5,268	5,361	4,382	6,444	9,690	11,682	4,652	11,055	17,146	23,108	n.a.	98,788
Sub-total	20,560	21,021	24,456	40,000	44,108	46,980	40,660	47,734	59,554	70,508	48,100	463,681
TOTAL	40,159	43,150	47,133	65,867	69,934	74,262	68,723	79,070	99,167	123,877	112,376	823,718

n.a. = not available.

27/5/59

4—NEW BRUNSWICK
1949–60
(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Preliminary 1958–59	Estimated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	1,632	1,632	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	1,679	18,375
2. Tax Rental(1)	7,618	10,131	9,432	17,516	16,178	17,047	16,630	17,807	12,609	13,613	8,533	147,114
3. Equalization	—	—	—	—	—	—	—	—	8,645	8,651	16,622	33,918
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% share of Income Tax on Power Utilities	25	264	164	187	283	216	208	228	220	202	209	2,206
6. Atlantic Provinces Adjustment Grant	—	—	—	—	—	—	—	—	—	7,500	7,500	15,000
Sub-total	9,275	12,027	11,275	19,382	18,140	18,942	18,517	19,714	23,153	31,645	34,543	216,613
B—Conditional Grants												
1. Agriculture	108	76	89	60	60	60	51	53	51	99	98	805
2. Health	636	565	1,104	1,172	1,543	1,472	1,296	1,926	1,813	2,103	2,682	16,312
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	—	4,200	4,200
4. Welfare	4,873	5,720	4,674	1,388	1,512	1,556	1,784	1,848	2,332	3,006	3,212	31,905
5. Vocational Training, etc	550	233	276	218	228	253	234	248	278	343	708	3,569
6. Highways and Transportation	—	—	1,110	649	284	511	1,286	3,982	3,977	12,002	9,550	33,351
7. Resource Development	—	—	—	305	1,012	333	333	664	1,074	972	2,962	7,655
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	300	300
9. Civil Defence	—	—	—	—	—	13	13	21	34	38	69	188
10. Other	—	16	27	1	—	—	—	—	—	61	185	290
Sub-total	6,167	6,610	7,280	3,793	4,639	4,198	4,997	8,742	9,559	18,624	23,966	98,575
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	258	263	268	274	279	555	565	866	889	4,217
2. Grants to Municipalities in lieu of Taxes on federal government property	—	78	116	175	213	219	1,363	1,419	1,131	1,495	n.a.	6,209
Sub-total	—	78	374	438	481	493	1,642	1,974	1,696	2,361	889	10,426
D—Payments to Individuals												
1. Old Age Security	—	—	2,935	12,255	12,607	12,946	13,246	13,528	16,748	19,600	19,850	123,715
2. Family Allowances	13,375	13,708	13,893	14,288	14,701	15,073	15,452	15,779	17,075	18,200	19,000	170,544
3. Unemployment Insurance Benefits	4,389	4,327	3,374	6,667	9,110	11,145	4,553	12,680	19,891	22,287	n.a.	98,423
Sub-total	17,764	18,035	20,202	33,210	36,418	39,164	33,251	41,987	53,714	60,087	38,850	392,682
TOTAL	33,206	36,750	39,131	56,823	59,678	62,797	58,407	72,417	88,122	112,717	98,248	718,296

(1) The recovery of the overpayment under the 1952 Agreement which amounts to some $182,201 per annum for fiscal years 1957–58 to 1961–62 has not been deducted from the tax rental payments for those above years to which the deduction applies.

n.a. = not available.

27/5/59

5—QUEBEC

1949-60

(in thousands of dollars)

	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	Prelim-inary 1958-59	Esti-mated 1959-60	Total
A—Unconditional Grants												
1. Statutory Subsidies	2,867	2,867	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	3,301	35,443
2. Tax Rental	—	—	—	—	—	—	—	—	—	—	—	—
3. Equalization	—	—	—	—	—	—	—	—	43,060	55,004	61,581	159,645
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% Share of Income Tax on Power Utilities	—	1,247	559	910	2,120	1,661	1,009	1,186	1,675	2,281	2,364	15,012
Sub-total	2,867	4,114	3,860	4,211	5,421	4,962	4,310	4,487	48,036	60,586	67,246	210,100
B—Conditional Grants												
1. Agriculture	616	632	638	529	639	424	305	350	278	843	704	5,958
2. Health	2,434	6,047	7,261	7,496	9,635	9,653	10,137	10,291	8,332	12,461	17,285	101,032
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	—	—	—
4. Welfare	23,643	25,909	21,107	8,024	8,245	8,422	10,955	11,746	16,069	20,821	22,778	177,719
5. Vocational Training, etc	943	1,147	1,062	987	923	649	648	648	5	—	—	7,012
6. Highways and Transportation	—	—	123	32	128	17	—	445	99	3,388	5,729	9,961
7. Resource Development	—	—	—	—	9	21	—	64	16	122	128	360
8. Slum Clearance	—	—	—	—	—	—	—	—	—	2,144	100	2,244
9. Civil Defence	—	—	—	—	—	—	—	—	2	6	683	691
10. Other	—	1,219	—	—	—	—	—	—	—	—	1,998	3,217
Sub-total	27,636	34,954	30,191	17,068	19,579	19,186	22,045	23,544	24,801	39,785	49,405	308,194
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	2,028	—	—	—	—	4,628	4,758	7,326	7,527	26,267
2. Grants to Municipalities in lieu of Taxes on federal property	—	53	15	40	139	310	886	1,170	2,424	2,709	n.a.	7,746
Sub-total	—	53	2,043	40	139	310	886	5,798	7,182	10,035	7,527	34,013
D—Payments to Individuals												
1. Old Age Security	—	—	16,580	69,570	72,033	74,725	77,111	79,651	99,490	117,100	121,200	727,460
2. Family Allowances	95,902	99,558	102,884	107,084	111,441	116,057	120,390	124,368	136,081	146,300	151,000	1,311,065
3. Unemployment Insurance Benefits	29,771	32,494	29,531	47,042	66,005	83,564	32,534	78,240	121,861	157,925	n.a.	678,967
Sub-total	125,673	132,052	148,995	223,696	249,479	274,346	230,035	282,259	357,432	421,325	272,200	2,717,492
TOTAL	156,176	171,173	185,089	245,015	274,618	298,804	257,276	316,088	437,451	531,731	396,378	3,269,799

n.a. = not available.

6—ONTARIO

1959–60

(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Preliminary 1958–59	Estimated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	3,155	3,155	3,641	3,641	3,641	3,641	3,641	3,641	3,641	3,641	3,641	39,079
2. Tax Rental	—	—	—	123,327	134,448	142,747	138,345	160,558	74,379	93,322	105,617	972,743
3. Equalization	—	—	—	—	—	—	—	—	—	—	—	—
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% Share of Income Tax on Power Utilities	—	815	630	474	1,097	1,342	1,574	1,428	1,333	1,590	1,648	11,931
Sub-total	3,155	3,970	4,271	127,442	139,186	147,730	143,560	165,627	79,553	98,553	110,906	1,023,753
B—Conditional Grants												
1. Agriculture	131	86	69	62	63	44	52	63	91	113	126	900
2. Health	4,332	4,569	6,883	8,857	7,492	8,300	9,278	10,606	9,955	12,693	20,357	103,322
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	15,600	77,200	92,800
4. Welfare	28,643	30,895	24,753	5,219	5,328	5,856	7,243	7,134	11,173	20,615	21,037	167,896
5. Vocational Training, etc	1,415	1,146	1,325	2,017	1,494	1,367	1,342	1,234	703	4,052	3,850	19,945
6. Highways and Transportation	—	2,790	5,068	4,104	2,692	6,583	3,366	5,184	12,927	21,226	21,700	85,640
7. Resource Development	—	—	—	431	544	502	944	850	1,237	3,539	5,559	13,606
8. Slum Clearance	—	—	311	—	372	525	—	142	1,000	—	2,653	5,003
9. Civil Defence	—	—	—	—	27	85	191	348	451	449	799	2,350
10. Other	24	3	415	14	—	357	461	27	27	—	3,680	5,008
Sub-total	34,545	39,489	38,824	20,704	18,102	23,619	22,877	25,588	37,564	78,287	156,961	496,470
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	2,299	2,383	2,449	2,523	2,592	5,405	5,622	8,705	8,943	40,921
2. Grants to Municipalities in lieu of Taxes on federal property	450	782	1,406	1,639	2,236	2,016	4,224	5,009	8,413	10,038	n.a.	36,213
Sub-total	450	782	3,705	4,022	4,685	4,539	6,816	10,414	14,035	18,743	8,943	77,134
D—Payments to Individuals												
1. Old Age Security	—	—	28,195	120,083	125,775	130,296	134,644	138,793	172,804	203,700	208,050	1,262,340
2. Family Allowances	84,941	89,035	93,207	98,304	104,410	110,492	116,604	122,539	136,706	150,200	158,000	1,264,438
3. Unemployment Insurance Benefits	22,330	21,671	26,612	37,854	51,763	87,685	27,877	66,014	120,719	149,266	n.a.	611,791
Sub-total	107,271	110,706	148,014	256,241	281,948	328,473	279,125	327,346	430,229	503,166	366,050	3,138,569
TOTAL	145,421	154,947	194,814	408,409	443,831	504,361	452,378	528,975	561,181	698,749	642,860	4,735,926

n.a. = not available.

7—MANITOBA

1949–60

(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Preliminary 1958–59	Estimated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	1,767	1,750	1,755	1,755	1,755	1,852	1,820	2,032	2,032	2,032	2,052	20,602
2. Tax Rental(1)	10,743	13,981	14,568	26,036	25,039	26,201	25,656	27,889	18,418	20,688	22,610	231,829
3. Equalization	—	—	—	—	—	—	—	—	13,932	12,889	14,978	41,799
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% Share of Income Tax on Power Utilities	225	225	331	383	569	28	114	51	61	46	49	2,082
Sub-total	12,735	15,956	16,654	28,174	27,363	28,081	27,590	29,972	34,443	35,655	39,689	296,312
B—Conditional Grants												
1. Agriculture	—	4	2	7	79	36	22	108	156	30	35	479
2. Health	821	1,052	1,084	1,361	1,737	2,052	2,199	2,676	2,241	2,720	3,155	21,098
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	7,300	11,800	19,100
4. Welfare	5,764	6,189	4,896	1,190	1,260	1,275	1,437	2,213	2,523	3,916	4,085	34,748
5. Vocational Training, etc	332	281	273	246	257	196	366	262	362	362	557	3,494
6. Highways and Transportation	279	340	772	1,060	1,530	2,097	1,382	3,124	2,747	1,970	2,600	17,901
7. Resource Development	—	—	—	114	138	126	196	78	316	2,104	1,869	4,941
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	—	—
9. Civil Defence	—	—	—	16	25	26	37	32	33	61	130	360
10. Other	7	12,500	43	—	—	—	—	18	—	51	624	13,243
Sub-total	7,203	20,366	7,070	3,994	5,026	5,808	5,639	8,511	8,378	18,514	24,855	115,364
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	388	399	405	414	425	850	860	1,305	1,341	6,387
2. Grants to Municipalities in lieu of Taxes on federal property	—	21	17	64	39	14	63	788	1,040	1,544	n.a.	3,590
Sub-total	—	21	405	463	444	428	488	1,638	1,900	2,849	1,341	9,977
D—Payments to Individuals												
1. Old Age Security	—	—	4,457	19,020	20,053	21,051	21,953	22,842	28,562	34,100	35,300	207,338
2. Family Allowances	15,669	16,236	16,703	17,284	17,980	18,705	19,419	19,889	21,521	23,100	24,000	210,506
3. Unemployment Insurance Benefits	4,221	5,217	4,831	6,263	8,226	11,200	3,961	10,571	15,040	17,604	n.a.	87,134
Sub-total	19,890	21,453	25,991	42,567	46,259	50,956	45,333	53,302	65,123	74,804	59,300	504,978
TOTAL	39,828	57,796	50,120	75,198	79,092	85,273	79,050	93,423	109,844	131,822	125,185	926,631

(1) The recovery of the overpayment under the 1952 Agreement which amounts to some $209,938 per annum for fiscal years 1957–58 to 1961–62 has not been deducted from the tax rental payments for those above years to which the deduction applies.

n.a. = not available.

8—SASKATCHEWAN
1949–60
(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Prelim-inary 1958–59	Esti-mated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	2,072	2,062	2,041	2,041	2,041	2,088	2,072	2,080	2,080	2,080	2,089	22,746
2. Tax Rental(1)	12,605	15,416	16,513	26,121	25,254	26,647	25,986	27,432	13,874	14,399	17,064	221,311
3. Equalization	—	—	—	—	—	—	—	—	19,197	19,862	21,250	60,309
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% Share of Income Tax on Power Utilities	25	43	33	31	43	44	47	50	66	96	100	578
Sub-total	14,702	17,521	18,587	28,193	27,338	28,779	28,105	29,562	35,217	36,437	40,503	304,944
B—Conditional Grants												
1. Agriculture	29	32	33	37	30	33	47	30	55	54	64	444
2. Health	1,430	1,470	1,628	1,728	1,951	2,588	2,845	2,095	2,275	3,298	3,651	24,959
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	8,500	13,600	22,100
4. Welfare	5,518	5,970	4,812	1,116	1,156	1,239	1,463	2,199	2,577	3,892	3,980	33,922
5. Vocational Training, etc.	535	405	414	341	243	327	310	340	419	425	758	4,517
6. Highways and Transportation	—	341	1,021	1,704	2,058	1,997	2,001	2,919	3,351	1,273	860	17,525
7. Resource Development	—	—	—	75	86	96	89	49	216	1,364	2,812	4,787
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	—	—
9. Civil Defence	—	—	—	29	34	43	39	49	43	51	97	385
10. Other	9	130	138	—	—	4	10	42	10	34	464	841
Sub-total	7,521	8,348	8,046	5,030	5,558	6,327	6,804	7,723	8,946	18,891	26,286	109,480
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	416	422	431	439	445	881	879	1,332	1,368	6,613
2. Grants to Municipalities in lieu of Taxes on federal property	—	34	16	12	7	19	50	284	625	726	n.a.	1,773
Sub-total	—	34	432	434	438	458	495	1,165	1,504	2,058	1,368	8,386
D—Payments to Individuals												
1. Old Age Security	—	—	4,399	19,037	20,111	21,203	22,331	23,335	29,420	35,100	36,215	211,151
2. Family Allowances	18,954	19,237	19,425	19,723	20,245	20,895	21,401	21,645	23,242	24,800	25,500	235,067
3. Unemployment Insurance Benefits	2,552	2,957	2,466	2,937	4,008	6,629	2,608	7,431	10,381	12,430	n.a.	543,990
Sub-total	21,506	22,194	26,290	41,697	44,364	48,727	46,340	52,411	63,043	72,330	61,715	500,617
TOTAL	43,729	48,097	53,355	75,354	77,698	84,291	81,744	90,861	108,710	129,716	129,872	923,427

(1) The recovery of the overpayment under the 1952 Agreement which amounts to some $304,180 per annum for fiscal years 1957–58 to 1961–62 has not been deducted from the tax rental payments for those above years to which the deduction applies.

n.a.=not available

27/5/59

9—ALBERTA

1949-60

(in thousands of dollars)

	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	Preliminary 1958-59	Estimated 1959-60	Total
A—Unconditional Grants												
1. Statutory Subsidies	2,086	2,063	2,127	2,127	2,127	2,228	2,195	2,274	2,274	2,274	2,353	24,128
2. Tax Rental	11,889	14,765	14,799	32,322	29,803	31,816	31,593	37,311	28,892	38,350	39,555	311,095
3. Equalization	—	—	—	—	—	—	—	—	14,744	7,991	13,488	36,223
4. Stabilization	—	—	—	—	—	—	—	—	—	—	—	—
5. 50% Share of Income Tax on Power Utilities	425	767	793	991	1,396	1,658	1,958	1,767	1,980	2,216	2,298	16,249
Sub-total	14,400	17,595	17,719	35,440	33,326	35,702	35,746	41,352	47,890	50,831	57,694	387,695
B—Conditional Grants												
1. Agriculture	218	241	121	99	46	65	60	66	67	70	70	1,123
2. Health	1,274	1,600	1,737	2,411	1,841	2,313	2,562	2,589	2,888	3,520	4,203	26,938
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	9,300	15,800	25,100
4. Welfare	4,904	5,924	6,241	1,211	1,243	1,310	1,685	1,648	2,148	4,382	4,493	35,189
5. Vocational Training, etc.	261	321	311	483	459	470	495	528	1,380	1,658	871	7,237
6. Highways and Transportation	—	15	814	1,270	2,748	1,806	1,627	2,019	5,398	2,825	1,600	20,122
7. Resource Development	—	—	—	166	82	55	29	21	184	1,538	2,357	4,432
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	—	—
9. Civil Defence	—	—	—	—	85	119	172	119	142	126	146	909
10. Other	62	11	—	12	10	10	10	10	20	—	1,603	1,748
Sub-total	6,719	8,112	9,224	5,652	6,514	6,148	6,640	7,000	12,227	23,419	31,143	122,798
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	470	485	501	520	533	1,123	1,160	1,802	1,851	8,445
2. Grants to Municipalities in lieu of Taxes on federal property	—	94	2	65	93	76	252	330	1,045	1,676	n.a.	3,633
Sub-total	—	94	472	550	594	596	785	1,453	2,205	3,478	1,851	12,078
D—Payments to Individuals												
1. Old Age Security	—	—	4,333	18,745	20,138	21,418	22,682	23,942	30,443	36,600	38,400	216,701
2. Family Allowances	19,822	20,762	21,573	22,576	23,958	25,391	26,753	27,953	31,030	34,100	36,000	289,918
3. Unemployment Insurance Benefits	3,158	4,128	3,628	4,929	8,200	11,956	4,533	10,174	17,410	20,846	n.a.	88,962
Sub-total	22,980	24,890	29,534	46,250	52,296	58,765	53,968	62,069	78,883	91,546	74,400	595,581
TOTAL	44,099	50,691	56,949	87,892	92,730	101,211	97,139	111,874	141,205	169,274	165,088	1,118,152

n.a. = not available.

27/5/59

10—BRITISH COLUMBIA

1949–60

(in thousands of dollars)

	1949–50	1950–51	1951–52	1952–53	1953–54	1954–55	1955–56	1956–57	1957–58	Prelim-inary 1958–59	Esti-mated 1959–60	Total
A—Unconditional Grants												
1. Statutory Subsidies	1,003	1,003	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	13,535
2. Tax Rental	17,789	19,166	19,127	46,199	43,516	46,052	45,393	55,730	51,446	51,321	61,062	456,801
3. Equalization	—	—	—	—	—	—	—	—	4,491	8,237	7,317	20,045
4. Stabilization	—	—	—	—	—	—	—	—	3,046	5,258	—	8,304
5. 50% Share of Income Tax on Power Utilities	550	991	1,005	1,099	853	1,812	2,422	1,415	1,325	1,456	1,509	14,437
Sub-total	19,342	21,160	21,413	48,579	45,650	49,145	49,096	58,426	61,589	67,553	71,169	513,122
B—Conditional Grants												
1. Agriculture	45	58	58	76	51	48	44	38	70	76	105	669
2. Health	1,178	1,756	2,759	2,045	2,667	2,983	2,450	3,210	3,807	4,469	6,100	33,424
3. Hospital Insurance	—	—	—	—	—	—	—	—	—	12,300	20,400	32,700
4. Welfare	9,276	10,477	8,566	1,865	2,038	2,046	2,074	5,971	5,378	8,088	8,115	63,894
5. Vocational Training, etc.	383	254	233	243	290	276	328	549	719	919	2,118	6,312
6. Highways and Transportation	—	2,538	3,695	3,598	3,377	3,379	3,437	6,680	16,818	14,528	20,008	76,058
7. Resource Development	4,024	—	—	885	931	1,002	721	846	1,147	3,839	2,862	16,257
8. Slum Clearance	—	—	—	—	—	—	—	—	—	—	600	600
9. Civil Defence	—	—	—	115	108	187	214	187	212	225	225	1,473
10. Other	201	152	203	25	10	10	10	10	10	104	1,125	1,860
Sub-total	15,107	15,235	15,514	8,852	9,472	9,931	9,278	17,491	28,161	44,548	61,658	235,247
C—Payments for the benefit of provincial institutions												
1. University Grants	—	—	583	599	615	633	653	1,398	1,487	2,316	2,379	10,663
2. Grants to Municipalities in lieu of Taxes on federal property	—	78	105	89	148	123	273	596	1,453	2,245	n.a.	5,110
Sub-total	—	78	688	688	763	756	926	1,994	2,940	4,561	2,379	15,773
D—Payments to Individuals												
1. Old Age Security	—	—	8,543	36,803	39,880	42,450	44,657	46,924	59,408	70,800	73,600	423,065
2. Family Allowances	20,814	21,953	23,064	24,400	25,904	27,406	29,097	31,029	34,969	38,400	40,200	317,236
3. Unemployment Insurance Benefits	13,823	12,547	13,215	18,970	23,000	25,121	7,847	23,847	44,936	54,652	n.a.	237,958
Sub-total	34,637	34,500	44,822	80,173	88,784	94,977	81,601	101,800	139,313	163,852	113,800	978,259
TOTAL	69,086	70,973	82,437	138,292	144,669	154,809	140,901	179,711	232,003	280,514	249,006	1,742,401

n.a. = not available.

SUMMARY OF FEDERAL CONTRIBUTIONS TO THE PROVINCES FOR THE FISCAL YEARS 1949-50 TO 1959-60

(in thousands of dollars)

	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	Preliminary 1958-59	Estimated 1959-60	Total
1. Newfoundland												
(a) Unconditional grants(1)	13,285	15,260	15,864	20,106	18,355	18,256	17,361	17,838	19,244	40,847	36,587	233,003
(b) Conditional grants	1,858	6,704	5,015	2,404	2,848	4,330	5,278	6,573	6,004	14,576	16,974	72,564
(c) Payments for the benefit of provincial institutions	—	—	196	235	209	199	253	415	459	790	675	3,431
(d) Payments to Individuals	13,038	14,266	14,568	21,588	24,618	26,960	23,275	30,515	38,811	44,071	26,760	278,470
TOTAL	28,181	36,230	35,643	44,333	46,030	49,745	46,167	55,341	64,518	100,284	80,996	587,468
2. Prince Edward Island												
(a) Unconditional grants(1)	2,403	2,746	2,832	4,631	4,344	4,613	4,390	3,766	4,845	7,483	7,479	49,532
(b) Conditional grants	1,154	1,403	1,504	827	644	528	1,180	1,125	2,052	3,159	4,192	17,768
(c) Payments for the benefit of provincial institutions	—	—	49	52	53	53	80	157	175	239	154	1,012
(d) Payments to Individuals	2,916	3,049	3,806	6,434	6,847	7,137	6,387	7,613	9,469	10,859	7,805	72,322
TOTAL	6,473	7,198	8,191	11,944	11,888	12,331	12,037	12,661	16,541	21,740	19,630	140,634
3. Nova Scotia												
(a) Unconditional grants	11,761	13,572	14,736	22,540	21,845	22,832	22,269	24,628	28,865	37,416	40,702	261,166
(b) Conditional grants	7,838	8,324	7,295	2,616	3,186	3,519	4,391	4,819	8,154	12,990	22,480	85,612
(c) Payments for the benefit of provincial institutions	—	233	646	711	795	931	1,403	1,889	2,594	2,963	1,094	13,259
(d) Payments to Individuals	20,560	21,021	24,456	40,000	44,108	46,980	40,660	47,734	59,554	70,508	48,100	463,681
TOTAL	40,159	43,150	47,133	65,867	69,934	74,262	68,723	79,070	99,167	123,877	112,376	823,718
4. New Brunswick												
(a) Unconditional grants(1)	9,275	12,027	11,275	19,382	18,140	18,942	18,517	19,714	23,153	31,645	34,543	216,613
(b) Conditional grants	6,167	6,610	7,280	3,793	4,639	4,198	4,997	8,742	9,559	18,624	23,966	98,575
(c) Payments for the benefit of provincial institutions	—	78	374	438	481	493	1,642	1,974	1,696	2,361	889	10,426
(d) Payments to Individuals	17,764	18,035	20,202	33,210	36,418	39,164	33,251	41,987	53,714	60,087	38,850	392,682
TOTAL	33,206	36,750	39,131	56,823	59,678	62,797	58,407	72,417	88,122	112,717	98,248	718,296
5. Quebec												
(a) Unconditional grants	2,867	4,114	3,860	4,211	5,421	4,962	4,310	4,487	48,036	60,586	67,246	210,100
(b) Conditional grants	27,636	34,954	30,191	17,068	19,579	19,186	22,045	23,544	24,801	39,785	49,405	308,194
(c) Payments for the benefit of provincial institutions	—	53	2,043	40	139	310	886	5,798	7,182	10,035	7,527	34,013
(d) Payments to Individuals	125,673	132,052	148,995	223,696	249,479	274,346	230,035	282,259	357,432	421,325	272,200	2,717,492
TOTAL	156,176	171,173	185,089	245,015	274,618	298,804	257,276	316,088	437,451	531,731	396,378	3,269,799

6. Ontario												
(a) Unconditional grants	3,155	3,970	4,271	127,442	139,186	147,730	143,560	165,627	79,353	98,553	110,906	1,023,753
(b) Conditional grants	34,545	39,489	38,824	20,704	18,012	23,619	22,877	25,588	37,564	78,287	156,961	496,470
(c) Payments for the benefit of provincial institutions	450	782	3,705	4,022	4,685	4,539	6,816	10,414	14,035	18,743	8,943	77,134
(d) Payments to Individuals	107,271	110,706	148,014	256,241	281,948	328,473	279,125	327,346	430,229	503,166	366,050	3,138,569
TOTAL	145,421	154,947	194,814	408,409	443,831	504,361	452,378	528,975	561,181	698,749	642,860	4,735,926
7. Manitoba												
(a) Unconditional grants(1)	12,735	15,956	16,654	28,174	27,363	28,081	27,590	29,972	34,443	35,655	39,689	296,312
(b) Conditional grants	7,203	20,366	7,070	3,994	5,026	5,808	5,639	8,511	8,378	18,514	24,855	115,364
(c) Payments for the benefit of provincial institutions	—	21	405	463	444	428	488	1,638	1,900	2,849	1,341	9,977
(d) Payments to Individuals	19,890	21,453	25,991	42,567	46,259	50,956	45,333	53,302	65,123	74,804	59,300	504,978
TOTAL	39,828	57,796	50,120	75,198	79,092	85,273	79,050	93,423	109,844	131,822	125,185	926,631
8. Saskatchewan												
(a) Unconditional grants(1)	14,702	17,521	18,587	28,193	27,338	28,779	28,105	29,562	35,217	36,437	40,503	304,944
(b) Conditional grants	7,521	8,348	8,046	5,030	5,558	6,327	6,804	7,723	8,946	18,891	26,286	109,480
(c) Payments for the benefit of provincial institutions	—	34	432	434	438	458	495	1,165	1,504	2,058	1,368	8,386
(d) Payments to Individuals	21,506	22,194	26,290	41,697	44,364	48,727	46,310	52,411	63,043	72,330	61,715	500,617
TOTAL	43,729	48,097	53,355	75,354	77,698	84,291	81,744	90,861	108,710	129,716	129,872	923,427
9. Alberta												
(a) Unconditional grants	14,400	17,595	17,719	35,440	33,326	35,702	35,746	41,352	47,890	50,831	57,694	387,695
(b) Conditional grants	6,719	8,112	9,224	5,652	6,514	6,148	6,640	7,000	12,227	23,419	31,143	122,798
(c) Payments for the benefit of provincial institutions	—	94	472	550	594	596	785	1,453	2,205	3,478	1,851	12,078
(d) Payments to Individuals	22,980	24,890	29,534	46,250	52,296	58,765	53,968	62,069	78,883	91,546	74,400	595,581
TOTAL	44,099	50,691	56,949	87,892	92,730	101,211	97,139	111,874	141,205	169,274	165,088	1,118,152
10. British Columbia												
(a) Unconditional grants	19,342	21,160	21,413	48,579	45,650	49,145	49,096	58,426	61,589	67,553	71,169	5.3,122
(b) Conditional grants	15,107	15,235	15,514	8,852	9,472	9,931	9,278	17,491	28,161	44,548	61,658	235,247
(c) Payments for the benefit of provincial institutions	—	78	688	688	763	756	926	1,994	2,940	4,561	2,379	15,773
(d) Payments to Individuals	34,637	34,500	44,822	80,173	88,784	94,977	81,601	101,800	139,313	163,852	113,800	978,259
TOTAL	69,086	70,973	82,437	138,292	144,669	154,809	140,901	179,711	232,003	280,514	249,006	1,742,401
GRAND TOTAL	606,358	677,005	752,862	1,209,127	1,300,168	1,427,884	1,293,822	1,540,421	1,858,742	2,300,424	2,019,639	14,986,452

(1) The recovery of the overpayments under the 1952 Tax Agreements which recovery is deductible in equal instalments over the five years of the current Tax Agreement has not been deducted from the tax rental payment shown above for the fiscal years 1957-8, 1958-9 and 1959-60. The annual recovery (in thousands of dollars) amounts to $102 for Newfoundland, $228 for Prince Edward Island, $182 for New Brunswick, $210 for Manitoba and $304 for Saskatchewan.

SOURCE: Statistical Summary of Federal Contributions to the Provinces for the fiscal years 1949-50 to 1959-60

d. 27/5/59

Mr. Pickersgill: I have another question which is precisely the same question I asked the minister in the dying days of the session last year and it is: Is there going to be a federal-provincial conference before the next session of parliament, and is it the intention of the government to make some modifications in the existing tax-sharing arrangements? He knows the act expires on March 31, so far as the 3 per cent is concerned. If not, is he going to continue that 3 per cent for the rest of the currency of the tax-sharing arrangements, instead of making us go through this annual agony, which took about a quarter of the session, to put this statute through. In order to save the minister's time in answering the question I will give him the answer he gave last year. I am sure it will be the same answer. The minister said, as reported at page 4711 of *Hansard* of September 6, 1958:

> I have dealt with that question. I said that when it is appropriate for the announcement to be made it will be made.

Mr. Fleming (Eglinton): Mr. Chairman, may I deal with the last subject first. I thank the hon. member for Bonavista-Twillingate for supplying a very appropriate answer to his own question. At this stage I do not think I can usefully add anything to what I said on this subject in reply to a number of questions on the same point in this house within the past fortnight.

Then, as to the question by the hon. member for Port Arthur in regard to the study that he invites me to make of the report of the committee on mines, forests and waters, of course I shall be examining the recommendations of that committee.

Mr. Chairman, I have already indicated in comment on the subject introduced by the hon. member for Laurier, namely the federal grants to the universities, that I thought the proper place for discussion of that matter was under item 124 when we reach it, and I shall have something to say on that subject when we reach that item.

The other matters were subjects introduced by the Leader of the Opposition and here I think I can be quite brief. The Leader of the Opposition raised questions concerning money supply. Mr. Chairman, he is aware that money supply varies from month to month or week to week. There is no fixed amount. There are bound to be variations at any time and there are, of course, seasonal variations. He seemed to be viewing with some alarm the recent increases in money supply. It has been made quite clear that so far as the Bank of Canada has control over money supply there is no thought of embarking on a policy of increasing money supply. I do think that the Leader of the Opposition was expressing some unfounded apprehensions in this respect.

The high point of money supply in 1958 was reached on October 1. The money supply at that time was $13,213 million. At the latest date for which figures have been issued, namely July 8 during the last week, the figure was $13,350 million. Thus it will be seen that there has been no significant increase in money supply and it has been made quite clear by the Bank of Canada that it has no thought of embarking upon an increase of money supply under existing circumstances.

The next subject introduced by the Leader of the Opposition concerned high interest rates. I think there is nothing new introduced in this respect. I do not intend to repeat things that have been said earlier at this present session. I think hon. members will agree that at any rate I dealt with this subject at some length on previous occasions, and I will content myself by referring to my effort to treat that subject on an earlier occasion. But it is, I think, in the minds of hon. members who have been following what has been happening in the United States of late that the figures at which the United States treasury is borrowing money today have set an all-time record high interest rate for borrowing in the United States. That is a factor that all would do well to bear in mind who are measuring trends in this country.

Finally, the Leader of the Opposition made some reference to debt maturity, particularly debt in the category of two years and under. Mr. Chairman, I have the figures before me in this respect. At June 30, a year ago, the debt, measured in terms of treasury bills and bonds in that category, totalled $4,798 million. At May 31, 1959 the aggregate in the same categories was $4,374 million. Between June 15—

Mr. Benidickson: Are you including Canada savings bonds?

Mr. Fleming (Eglinton): No. Between June 1 and July 15 there has been an increase of $100 million in treasury bills, bringing the figure that I gave to a figure of $4,474 million on July 15. Accordingly, there has been in the past 12½ months a decrease of maturities in this category of some $324 million.

It is worthy of note also that if one measures maturities in terms of average term, we have the same interesting comparison. The nearest date to the one on which we came into office was June 30, 1957, and the average term to maturity of federal debt at that time was six years and two months. Today, thanks to the conversion loan which was derided by the hon. member for Welland, the average term of federal debt is nine years and nine months.

Mr. McIlraith: I have one question I would like to ask the Minister of Finance. It is most appropriate to be asked here. It arises out of a sentence in the throne speech and I will read the sentence. The part I want to quote is this:

My government will request your approval of its participation in a contributory plan to provide medical benefits for civil servants pursuant to recommendations of the national joint council of the public service.

Will the minister explain what, if anything, has transpired on that subject and what the position is at the moment?

Mr. Fleming (Eglinton): Mr. Chairman, that relates to an item in the supplementary estimates, No. 513. There is an item there of $3,500,000 for the purpose. Perhaps the hon. gentleman would prefer to wait and deal with it when we reach that item.

Mr. McIlraith: I do not want to elaborate on it. Is item 513 the answer to what was intended by that paragraph in the throne speech? That is really my question.

Mr. Fleming (Eglinton): Yes, Mr. Chairman.

Mr. Benidickson: The minister will note that he has an item there for interest on the public debt. We all know that that would be an estimate made last November or December. We also know that since then the cost of borrowing money has increased very substantially. Does the minister anticipate he will require a supplementary estimate in connection with this matter?

Mr. Fleming (Eglinton): The hon. member has inquired about a statutory item at the bottom of page 22 of the book of estimates. There is really nothing I can usefully say to him on this subject. This is the best estimate and no one can predict precisely what will be the course of interest rates at any measurable projection into the future.

Item agreed to.

University grants—

124. Payments to the national conference of Canadian universities (hereinafter called the "conference"), in accordance with the agreement entered into between the conference and the Minister of Finance on the 19th day of November, 1958, (hereinafter called the "original agreement") pursuant to vote 541 of the Appropriation Act No. 1, 1957, and vote 669 of the Appropriation Act No. 5, 1958; and when a new corporation comes into existence (incorporated for the purpose of receiving and disbursing such payments to institutions of higher learning) to authorize the payments to be made thereto, in lieu of to the conference, in accordance with an agreement to be entered into, with the approval of the governor in council, by the Minister of Finance with the conference and the new corporation, such agreement to provide, in addition to terms and conditions similar to the terms and conditions in the original agreement, including a provision that any amount payable to an institution of higher learning and not paid by the corporation in the relevant fiscal year may be retained by the corporation until such time as the institution to which the money is payable claims the payment from the corporation or parliament provides otherwise for the disposal thereof, for the transfer of amounts in the possession of the conference to the new corporation and for termination of the original agreement, $26,221,500.

Mr. Fleming (Eglinton): On item 124 I should like to say something in reply to the observations on this point offered to the committee a few moments ago by the hon. member for Laurier. No one will question that this is an important matter and that it does present some problems. I propose to say something very frankly in regard to them.

First let me say, Mr. Chairman, that I think the hon. member for Laurier was drawing a long bow when he tried to make an argument out of a reference to an expression used in a table in the budget speech. If he will look at page 2410 of the budget speech, and this is the subject of his earlier reference, he will see that the matter of university grants was one of two subjects listed under the heading, "Payments for the Benefit of Provincial Institutions". Under that heading there are payments of two natures referred to; first, university grants, and, second, grants to municipalities in lieu of taxes on federal government property.

I do not think it is going to be argued seriously by any member of the house that universities and municipalities are not in this sense provincial institutions—

Mr. Pickersgill: They are nothing of the kind.

Mr. Fleming (Eglinton): —because they are created under provincial legislation. Every university that I know of in Canada is subject to provincial jurisdiction. There is no such thing as a university created by federal authority, and the same applies to municipalities.

Therefore, Mr. Chairman, it is made quite clear that these were referred to as provincial institutions, and I think hon. members will conclude that the hon. member for Laurier was drawing a very long bow when he suggested that this reference to universities as provincial institutions connoted some thought of making federal contributions to the cost of primary and secondary education. Nothing could be further from the truth. Nothing could be further from the intention of the government.

Mr. Chevrier: May I ask the minister a question? Why then in his table on page

2410 did he not make the distinction which he is apparently making now?

Mr. Fleming (Eglinton): I am not making any new distinction. I placed the matter firmly on the record of *Hansard* at page 2410 and these two matters were described under the caption to which I have referred. The matter is perfectly plain. There is no new distinction being drawn. It was placed there in the budget speech on April 9. I say that any suggestion that there is any thought of making federal contributions to primary and secondary education is far removed from the mind of anyone in this chamber.

Let me deal with this subject of university grants. University grants were first introduced by the former government and came into effect in the fiscal year 1951-52. The basis of these grants, while it has changed in amount, has not changed greatly in another sense. They began on the basis of 50 cents per capita of population in the country. They were raised subsequently to $1 per capita and then a year ago were advanced to $1.50. The original scheme contemplated the division of the total federal grant among the provinces on the basis of the respective populations of the provinces, and then within the province the basis of allocation was in relation to university population. The division, therefore, was within the defined institutions of higher learning within the province in proportion to their registration of students who came within the definition in the regulations.

At the beginning there was provision made for distribution within the provinces by a so-called dominion-provincial allocation board, and in the one year in which the universities of the province of Quebec accepted these grants the division in that province was made by a committee or panel composed of the then minister of finance, Mr. Abbott, and the then provincial treasurer of Quebec, Mr. Gagnon. But that was the only year in which the universities of the province of Quebec accepted their share of this provision.

Mr. Chevrier: That was 1951-52.

Mr. Fleming (Eglinton): Yes, 1951-52, and consistently in the years since the universities of the province of Quebec have declined to participate in these grants.

Mr. Benidickson: What is the amount standing to their credit?

Mr. Fleming (Eglinton): At the commencement of the present fiscal year it was, in round figures, $17 million, and out of the figure of some $26 million, which constitutes item 124 now under discussion, the share that would be available to the institutions of higher learning in the province of Quebec this year would be approximately $7½ million.

Last year when the house was discussing this item I made a statement indicating the view that I had of the difficulties of the situation and the rather unsatisfactory nature, to put it in mild terms, of the situation that was developing. May I recall the remarks I made on September 6, 1958, as found on pages 4725 and 4726 of *Hansard*. I said at the bottom of page 4725:

> I wish to make it clear on behalf of the government that we would wish the institutions of higher learning in Quebec to have the benefit of the provision intended on their behalf by parliament. The province of Quebec has more than a quarter of the population of Canada. Last year it had one-third of the students of all of Canada attending institutions of higher learning. Quebec pays its full share of taxes out of which this vote is made available, and the matter has been the subject of representations made by our members of parliament from Quebec.

Then, I continued, and I repeat this is the fundamental approach of the government. We recognize that education is the exclusive constitutional responsibility of the provinces of this country. I say in most emphatic terms, that as long as this government is in office never will it do one thing to interfere with the exclusive jurisdiction of the provinces over education in this country. It was in that thought that I made these remarks last year as recorded on page 4726 of *Hansard*:

> Let me make it abundantly clear, Mr. Chairman, that this government will always scrupulously respect the terms of the Canadian constitution. It is plainly recognized that education is a field of jurisdiction exclusively assigned to the provinces under the British North America Act. As long as this government is in office there will never be any attempt made to trespass on that jurisdiction exclusively vested in the provinces.

Having made that position abundantly clear, Mr. Chairman, I trust, let me go on to deal specifically with these grants which now have a history of eight years in this Canadian parliament. The situation, as I described it last year on the same page is this:

> Now I say, Mr. Chairman, of this agreement—

That is to say the agreement between the Minister of Finance and the national conference of Canadian universities which at that time had been made the trustee for the distribution of these grants amongst the institutions of learning in Canada.

> —in relation to the attitude of the present government, that while the formula contained in the present agreement has not so far been such as to be viewed with favour in the province of Quebec, if there is any formula or modification of the present agreement which anyone cares to put forward which would permit the institutions of higher learning in the province of Quebec to participate,

and which is in keeping with the national interest, we as a government are prepared to give it serious consideration.

This is still the position of the government. I add to what I said last year that as this situation develops, if there is no change of attitude, no change in the basis on which these university grants are payable, it must be recognized by all that the present situation cannot continue. In other words, some way acceptable to the jurisdiction that controls universities in Quebec, some method must be worked out that will make those sums intended for the province of Quebec available to the institutions in that province in some form or other.

The hon. member for Laurier seemed to recognize the necessity of something being done along this line. I can say, Mr. Chairman, I shall certainly devote the best efforts of which I am capable in trying to evolve some modification of this present provision that will make the grants available to all parts of Canada in a way that will be fair and equitable. I say without reservation that the committee cannot contemplate with equanimity a situation under which a large portion of this grant that is earmarked for the institutions of higher learning in Quebec is simply accumulating and is not being made available to be used for the purpose for which parliament intended it.

The hon. member for Laurier made a suggestion that thought should be given to making the money payable to the various provinces or in any province that so desired, to a provincial conference of universities rather than to the national conference of Canadian universities. I question very much whether this will meet the views of the province of Quebec. The province of Quebec has a point of view in regard to education which I think all hon. members of this committee have a duty to recognize. It is patent that a different view altogether is taken of this subject in the province of Quebec from the view that is taken in the other provinces of Canada. Those who know the history of the province of Quebec understand the point of view of that province today and will know that Quebec regards this exclusive jurisdiction over education as something fundamental to the ethnic survival of that province and its people. This has been the view of the people of Quebec down through the years, that its jurisdiction over education is the sheet anchor of the survival of the culture, the language and the institutions of the province.

I am sure it is the desire of all hon. members of this house to approach this problem with proper understanding of that point of view. I do say that that point of view is respected by the government. In connection with the other provinces, it is patent that there is no serious question raised as to the acceptance of their share of these grants by the institutions of higher learning of those other provinces. I feel something more will be required to meet the patent difficulty of this situation than the suggestion put forward by the hon. member for Laurier.

I also say to the members of this committee that at this time no modification can be introduced into this item since the item has been known to universities which are free to accept their share and they are counting on it. But, Mr. Chairman, having regard to the fact that nearly all of the universities of one province of this country are not receiving their share of these grants, before such an item or any item on this subject is presented to the house in another year a most intensive effort must be made to grapple with this very great difficulty. For my part, I give the committee my personal assurance that anything I can do to help to resolve this difficulty will certainly be done if effort and understanding can do it.

Mr. Chevrier: May I be allowed just one or two questions following what the minister has said? I have listened with great care to what the minister has said and, in some respects, I must say that I cannot find myself in disagreement with him, other than with reference to some of the suggestions which I made earlier. But I am impressed by the fact that the minister confirms the statements which I made earlier that the present position is a serious one and cannot be allowed to continue indefinitely.

Then, it occurs to me to ask him this, but before I ask the question I may say I appreciate what he has said with reference to the fact that he respects the constitutional position of the provinces in so far as education is concerned and that no proposal having been made to him from the province he feels he should take no further action. Notwithstanding that, the question I now ask him is this. Has any modification of the present formula been considered by the minister or his officials.

Mr. Fleming (Eglinton): Yes. This subject naturally has been given very careful consideration within the Department of Finance.

Mr. Chevrier: Is it the intention, in the light of what the minister has said, to continue the same formula as has been established earlier and has been put into effect by the minister since his party has been in office?

Mr. Fleming (Eglinton): Item 124 contains its own formula, that is to say, distribution at the first stage among the provinces on the basis of population and then, second, within the provinces on the basis of registration at institutions which qualify. There is not any modification that has been developed yet that seems to meet the need or to supply a solution. Therefore I have said that while there is no modification proposed in this item at the present time or no amendment nevertheless parliament still reserves its jurisdiction over the subject.

These sums are paid over to and held by what was formerly known as the national conference of Canadian universities but is now the Canadian Universities Foundation as trustees. Then as to those amounts that are not claimed by or accepted by the institutions which qualify, they are held by the trustee subject to the directions of parliament. Therefore, parliament still retains control obviously over any unclaimed balance and that unclaimed balance will, if there is no change in attitude, rise this year. That is why I have emphasized the fact that I think that is a situation to which parliament can no longer close its eyes. I repeat my own assurance that that is a situation to which I personally am giving the best study of which I am capable.

Mr. Chevrier: May I ask this final question? The minister did not seem to view too sympathetically the suggestion I made in connection with the modification of the arrangement made between the Minister of Finance and the national conference of Canadian universities which was that the money be made payable to the provincial conference of universities. If that modification were acceptable to the universities of the province of Quebec would the minister then be disposed to accept it?

Mr. Fleming (Eglinton): We may be proceeding on a hypothetical basis here, but I indicated that from what I know of the attitude of the province of Quebec, the suggestion that the hon. gentleman put forward would not, as I understand the view in Quebec, be an acceptable solution. I pointed to what happened back in the early days of these grants when there was a dominion-provincial board that made the allocations within the province of Quebec. But here, Mr. Chairman, for the full understanding of the attitude of the province of Quebec, I think one must also have regard to the source of the money. Here the view is taken by Quebec that money that is intended for educational purposes should be raised by the province. Here is a problem of very serious difficulty. That is why, as I presently understand the situation, I am very doubtful whether the suggestion put forward by the hon. member will provide an acceptable solution in the province of Quebec.

Mr. Chevrier: Does the minister's answer mean that even if the universities were willing to accept such a modification of the formula as between him and them, he would still not be prepared to amend it in accordance with the suggestion which was made?

Mr. Fleming (Eglinton): I have learned long since—the same as did my hon. friend—not to attempt to give answers to hypothetical questions. I am afraid that at the moment we have gone as far on this subject as we can go because what my hon. friend is putting to me is so clearly a hypothetical question that, frankly, I would not wish to be drawn into an answer on it. We have had no indication at all that the proposal he is making would provide a solution acceptable in Quebec.

Mr. Benidickson: In this context I wonder whether I could ask the minister, as chairman of the treasury board, whether or not he could report to this house any developments in connection with a proposal that was made by our late lamented secretary of state for external affairs, Hon. Sidney Smith, with regard to scholarships. I calculated that this proposal would probably involve $25 million. The proposal came after a suggestion made by the Leader of the Opposition in the same election campaign. I wonder, having regard to our discussion, he thinks there are involved constitutional difficulties similar to those we have been discussing.

Mr. Fleming (Eglinton): I am not aware of any such question being before treasury board, that is to say any question of federal scholarships to university students. I am, of course, aware that through the Department of Labour there are some provisions made for joint dominion-provincial scholarships. Of course they have been in effect for some years. The federal government has made contributions for some years to them. But apart from them, no project of the kind the hon. member described, of which I am aware, has been before the treasury board.

Mr. Benidickson: The minister is, of course, familiar with the constitutional position of cabinet solidarity. The late secretary of state for external affairs in the last election campaign advanced a proposal for a large increase in scholarships contributed to by the federal treasury. As I say, that proposal came after a similar proposal from the

Leader of the Opposition. Has this proposal not come to the minister's attention as chairman of the treasury board?

Mr. Fleming (Eglinton): No, Mr. Chairman.

(Translation):

Mr. Flynn: Mr. Chairman it will come as no surprise to the committee to see me rise following the speech of the hon. member for Laurier (Mr. Chevrier). The member for Laurier never fails to interest me, especially when he speaks for the province of Quebec, a somewhat new role for him. I must say that I do have a peculiar feeling when he says: "We from Quebec, we ask and we say—" Everybody knows, Mr. Chairman, that by far the great majority of Conservative members from Quebec hold university grants to be unconstitutional. The hon. member for Joliette - l'Assomption - Montcalm had expressed his view on this subject last year, as we were reminded by the member for Laurier. The hon. member for Bellechasse (Mr. Dorion) and from Sherbrooke (Mr. Allard) spoke along the same lines. The hon. member for Laurier reminded us also of other statements attributed to me by the press, last September. In this connection, Mr. Chairman, I would like to make a correction right away. What I have said—and this was in a telephone conversation—boils down simply to this: that most Conservative members from the province of Quebec were opposed to grants to universities and that, further, thought was being given to a solution of some kind, grants earmarked for research purposes, for instance. I did not voice this opinion as being my own but as being that entertained by some of my colleagues who were looking for a solution. In this respect I have always believed—and I still believe—that federal grants to universities are unconstitutional.

That is why, after the speech made by the hon. member for Laurier, I deem it necessary to explain my views which may coincide with those of many of my colleagues.

First, there is section 93 of our constitution which gives provinces exclusive jurisdiction over education. Universities are certainly an essential part of our education system. Nobody ever questioned this fact, and jurisprudence, in its interpretation of the word education, upholds this view.

The hon. member for Megantic (Mr. Roberge) who boldly said that the fathers of confederation did not perhaps think of the universities when they drafted section 93 because, at that time, Canada had no state university, does not agree with this. His was an extraordinary statement, because, even if no state university existed at that time, at least there were private ones, that is Laval and McGill universities. Anyhow, as the Minister of Finance (Mr. Fleming) stressed earlier today, when the time came to establish universities in this country, they were established by provincial authorities.

Indeed, we should not forget that section 93 has a particular significance for the province of Quebec. It is recognized that when confederation was being prepared, French-speaking Canadians of Lower Canada considered section 93 essential for the preservation of their culture, their language and their own individuality. They looked upon that constitutional structure as the essence of their survival. At that time, the province of Quebec was the only French-speaking of the four confederated provinces. Today, while it is the only one in ten, it considers absolute control in this field as more than ever necessary, as an essential guarantee for the preservation of its own individuality, which it believes should be preserved and cultivated for the benefit of Canada as a whole seeing, in short, French culture as serving the Canadian nation.

Mr. Chairman, I am otherwise aware it has been said that we could give grants to universities because nothing in the constitution prevents us from taking out amounts of the consolidated revenue fund in order to make donations to universities.

In that connection, it was recalled that the province of Quebec had made gifts to Toronto and Ottawa universities.

I admit that a genuine gift is constitutional. However, I believe that regular, annual grants do not constitute gifts; they are annuities paid to universities. Moreover, when grants are voted each year, it is just as if some legislation were voted which would establish them on a permanent basis. That which cannot be done directly cannot be done indirectly. If parliament introduced some legislation about permanent grants to universities, I would argue that they are illegal. And it is not an annual vote which would change the problem.

Mr. Chairman, reference was also made to a moral obligation on the part of the federal government, because universities are rendering great services to the state. In my opinion, there is no moral obligation in constitutional

law, when the legal obligation is fully met. And if universities do not receive from the provinces the money they need, it is perhaps because provinces cannot afford to give it to them. Consequently, must we not come to the conclusion that the federal government is taxing more than it should, and ought to hand back to the provinces higher taxation powers?

Others have claimed that it was a purely technical objection. "Those gifts or grants", they say, "are unconditional. What are you worrying about?"

What have we to worry about, Mr. Chairman? Well, for one thing, the future. If universities get into the habit of receiving those grants, they will not be able to refuse them, should our government be run, for instance, by our leftist friends, and if conditions were imposed on grants to universities—grants which the Quebec province cannot accept. There is no threat from that direction at the present time, I agree; such a danger perhaps did not exist under the former government, but to overlook the dangers which may be in store for the future would be a sign of an almost unbelievable lack of foresight.

For that reason, we consider it essential to find a solution which could be acceptable to the public of Quebec. It is for that reason that the statement of the Minister of Finance is welcome. It is also for that reason that we are confident that this government will find an adequate solution. This is the situation which has been inherited. The hon. member for Laurier who, a moment ago, criticized the government, and tried to interpret the meaning given to such grants by the Minister of Finance, would do well to read again what was said in 1951 by the former prime minister, Mr. St. Laurent, when these grants were instituted.

He stated at the time that these grants were merely supplementary to provincial grants. It is clear, therefore, that the government's intention was to help education. The principle laid down thereby was extremely dangerous, but I am confident that the present government will certainly find that solution which it is sincerely looking for.

As long as I am convinced that this government is looking for this solution, I will continue to have faith in it. My confidence extends also, in this respect, to the Prime Minister, to the Minister of Finance and all other members of the cabinet.

In principle, I hold these grants to be unconstitutional, though, in practice, I have every confidence in the government. I am convinced that, next year, it will come forward with a solution which will be approved by the province of Quebec. The province of Quebec will recognize thereby that, in the present government, there are men capable of recognizing its legitimate aspirations and of understanding why it is so convinced of its exclusive rights in respect of education.

Mr. Chevrier: Mr. Chairman, will the hon. member permit a question?

Mr. Flynn: Certainly, Mr. Chairman.

Mr. Chevrier: Would the hon. member support conditional grants provided they be earmarked for research purposes or for laboratory construction, as was mentioned by a report published in the Montreal *Gazette* in September 1958?

Mr. Flynn: Mr. Chairman, I thought I had made myself clear in this regard when I said that this was not my opinion—

An hon. Member: Tell him in English.

Mr. Flynn: —but an opinion expressed by someone else. I certainly think that regular and annual subsidy grants for those purposes are unconstitutional.

Mr. Chevrier: Mr. Chairman, would the hon. member let me ask him a second and final question?

If the grants are gifts and are unconstitutional, as he just said, why is he voting in favour of grants to universities?

Mr. Flynn: Mr. Chairman, the fact of voting in favour of an item, or of not voting at all, or of voting against an item, can be interpreted in different ways. If some members felt that the vote requested by the opposition would create division, I believe that they could, in good faith, vote in favour of those grants, while considering them unconstitutional.

I think that we can put our trust in this government as long as it keeps trying to find a solution. This changes absolutely nothing to the opinion that one may express. You can give whatever interpretation you like to votes cast for or against those grants.

(Text):

Item agreed to.

Miscellaneous grants—

125. Canadian association of consumers, $10,000.

Mr. Herridge: Mr. Chairman, I have been quiescent for some time which perhaps justifies my speaking briefly on this item and saying at short length what I intended to say

at far greater length. May I say before proceeding that you will never find anyone in this group voting for an item which we consider unconstitutional.

This item represents a good investment. This organization has done excellent work since its formation in 1947 at which time it was sponsored by leading national women's organizations across Canada. It has several objectives including improvement of living standards of the people; the study of consumer problems; the dissemination of information; the exchange of ideas between the organization and government, the agricultural producers, and trade and industry; the carrying on of a campaign of education and research; and making representations to the government when it sees fit. The organization publishes a bulletin approximately 10 months a year containing much valuable information. In recent months the association has been considering the possibility of attempting to persuade the government to establish a consumer's bureau within some department of government which arises out of the limited funds of the organization which restricts its ability to do research work and because more and more Canadians are interested in the cost of living and standards of quality.

More is done in the United States than in Canada in this direction. In that country there are two non-profit organizations, the consumers' union and the consumers' bulletin organization, which have considerable funds at their disposal which have permitted them to undertake extensive research into standards of quality and in subjects in which the housewife would be particularly interested.

In view of the demonstrated excellent work done by the Canadian Association of Consumers would the government give consideration to the establishment of a consumers bureau within some department of government, even working in co-operation with the Canadian Association of Consumers, with a view to extending the work done by this organization? This could be achieved as a result of some extension of the work done by the national research council. The establishment of a bureau would be a step in the right direction to achieve some of the things we are trying to achieve through legislation such as that which might be brought up at a later stage in this evening's business. Would the minister comment on my suggestion?

Mr. Fleming (Eglinton): Mr. Chairman, under the circumstances I wonder if my hon. friend would be content if I were to say that I have taken due note of his observations.

Item agreed to.

126. Institute of public administration of Canada, $6,000.

Mr. Peters: Would the minister explain the appropriation not required?

Mr. Fleming (Eglinton): This item of $37,500 for 1958-59 was a grant to the national conference of Canadian universities as a contribution toward the cost of holding the congress of universities of the British commonwealth in Canada in 1958.

Item agreed to.

General administration—

511. Comptroller of the treasury—central office and branch offices administration—further amount required, $155,000.

Mr. Benidickson: Mr. Chairman, would the minister give a statement about his views concerning salary increases for the civil service after two years in office?

Mr. Fleming (Eglinton): Mr. Chairman, in response to the hon. member's question there is really nothing I can usefully add on this subject to what I have said in the house in recent days in reply to questions on this subject.

The matter was reviewed by the pay research bureau, as it is doing constantly. The civil service commission has carried out studies based on the report to date of the pay research bureau. I have had opportunity to discuss this matter with the civil service commission and am still in the course of doing so.

Mr. Benidickson: I believe the civil service commission has completed its report to the minister. Would he be able to summarize the report he has received?

Mr. Fleming (Eglinton): No, Mr. Chairman, I do not think it would be proper to disclose the contents of that report at this point when it is still under discussion between the commission and the Minister of Finance, to whom the commission submits such reports.

Item agreed to.

General items of payroll costs including superannuation payments—

513. Government's share of medical-surgical insurance premiums, determined on such bases and paid in respect of such persons (and their dependents) who hold offices or positions or perform services the remuneration for which is payable out of the consolidated revenue fund or by an agent of Her Majesty or who are contributors as defined in the Public Service Superannuation Act or who are members of the Canadian forces or the Royal Canadian Mounted Police as the governor in council prescribes, $3,500,000.

Mr. McIlraith: Mr. Chairman, could the minister tell us if it is intended that this

subject matter shall be dealt with by legislation at the next session or will it be continued as an item in the estimates from year to year?

Mr. Fleming (Eglinton): Mr. Chairman, I do not think I can give the hon. member a final answer on the question as to the form, but I may say to him that we have been working diligently on this matter. It is one of tremendous complexities, as I am sure he will readily appreciate. It is our hope that the benefits will be brought into effect on January 1, 1960, for the benefit of the persons in the government service and that, of course, will include not only persons in the civil service, but the benefits of this medical-surgical plan will be available also to the members of the Royal Canadian Mounted Police and the armed forces and their dependants.

It is expected the premiums may commence in December because, as I have indicated, we hope to bring the plan into effect with benefits from January 1. The precise form of the plan is in course of being determined at the present time. We have consulted a number of interested organizations as to their suggestions for the specifications of the plan. I can assure the committee that the matter is receiving a great deal of study in the hope that we can make a good plan of this when it is inaugurated.

Mr. Benidickson: What is the opportunity of members of parliament, ministers or parliamentary secretaries, in connection with eligibility under this item?

Mr. Fleming (Eglinton): None, Mr. Chairman. The present plan which, of course, is quite limited by comparison has never been extended to include members of parliament or any of those enumerated by the hon. member.

Insurance—

148. Departmental administration, $694,441.

Mr. Howard: Mr. Chairman, I understand this is the last item that the minister will be dealing with in connection with his capacity of Minister of Finance other than the supplementary estimates. I may say before it passes that we have had the pleasure of witnessing something this evening that I thought I never would see develop in the house. I would like to commend the minister for the admirable attitude he adopted tonight, and hope that he does not cease, now that he has started, continuing this sort of program and that it will carry over to another session.

Mr. Fleming (Eglinton): In the same spirit may I thank all hon. members for their co-operation, both those who spoke for the speeches they made, and particularly those who did not speak for the speeches they did not make.

Mr. Martin (Essex East): Mr. Chairman, I would like to say to the minister that we on this side forgive him for all that he has said about us.

The Deputy Chairman: This completes the estimates of the Department of Finance. There are a few supplementary items to go through yet.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Citizenship—

500. Citizenship registration branch — further amount required, $121,780.

Mr. Pickersgill: I do not expect an answer from the hon. lady. I just want to renew the plea I made twice before that there should not be deportations, or the threat of deportations, of the parents of small children who are Canadian citizens.

Mrs. Fairclough: Mr. Chairman, the hon. member surely realizes that this is citizenship registration and has nothing to do with immigration.

Mr. Pickersgill: I am quite well aware of that, but I am referring to citizens and the parents of citizens.

Item agreed to.

National Gallery of Canada—

547. Administration, operation and maintenance—further amount required for the completion of the permanent Canadian pavilion at the Venice international biennale of art, $10,000.

Mr. Benidickson: Has there been any change in the salaries made available to the chairman of the civil service commission who has been newly appointed?

Mr. Fleming (Eglinton): No, Mr. Chairman; he receives the same salary as the former incumbent.

Item agreed to.

DEPARTMENT OF LABOUR

A—Department—

General administration—

529. Departmental administration, including the expenses of the international labour conferences—further amount required, $11,700.

Mr. Martin (Essex East): The Minister of Labour is not available at the moment and this would seem to be an appropriate occasion to ask the Prime Minister, or perhaps the Minister of Finance, although I think tonight we would prefer to hear the Prime Minister—most of us feel we have heard enough of the Minister of Finance—

Mr. Fleming (Eglinton): Too much for you?

Mr. Martin (Essex East): —as to the government's intentions with regard to the winter works program. The Minister of Labour has not given us satisfactory answers on this question. When we recall the situation that prevailed in this house last summer, when the Leader of the Opposition in particular reminded the government that there was likely to be a high level of unemployment in the fall of 1958 and in the winter of 1959, and on that account it would be wise to take preparatory steps so that any government program designed to put unemployed people to work during those two periods could be taken with a maximum result. In view of that experience we feel, notwithstanding the questions that have been put to the Minister of Labour during the course of the past month, we should take advantage of this last opportunity to ask the Prime Minister whether the government, in the face of certain indices indicating some measure of unemployment next winter, will not take the committee into its confidence at this time so that the kind of situation deplored the other day by the mayor of Ottawa could be obviated and municipalities could be given an opportunity to prepare their budgets for schemes that are designed to put men and women to work.

We were not satisfied, of course, with the results of the winter works program last year, a program that put some 35,000 men to work out of half a million of unemployed in our country. That scheme, inadequate though it was, was better than nothing. It would seem, in order to make it more effective, that advance notice well ahead of time should be given to municipalities and to provinces so that they could be made aware of the government's intention. The result would be, I am sure, that next spring, assuming the existence of unemployment on something like a comparable or even on a lesser level, the problem would have been more effectively mitigated than was the case this year.

It is not good enough to have the government announce its program, as it was announced last year, in the middle of the fall, at a time when the provinces and the municipalities could not take full advantage of the government's proposal. While the economic situation in the country would seem to bear promise of an improvement—and we all hope that is the case even beyond the indications given by the Minister of Finance —there are indices that point to the fact that there will be unemployment again next fall and winter. The level may not be apparent or fully known but that it will exist I think is incontestable. That being the case, I hope on this the last night of the present session the government will take parliament into its confidence and announce its intentions so that the necessary and preparatory steps can be taken.

I am sure the Prime Minister is seized with the importance of this situation and I hope that he will be able to take advantage of the opportunity now afforded to him of announcing to the country what the government's policy in this particular will be.

Mr. Diefenbaker: Mr. Chairman, certainly these last hours of the session do reveal a tremendous change in the thinking of the hon. gentleman. He started off this session by picturing dire and terrible unemployment and mounting unemployment situations. I presume that these are almost his last words in this session. He says that while the economic situation would seem to indicate improvement there should be some announcement made regarding a winter works program. Certainly, Mr. Chairman, such a material change in the gloomy outlook of the hon. gentleman indicates that he too, in common with Canadians as a whole, has a realization of the tremendous economic upsurge in this country in the last few months. I know that he is just as desirous as everyone else to note this improvement and that he will be very pleased with the economic change that has taken place which we, with becoming modesty, are able to say we contributed to by the policies which we introduced. With respect to the question asked by the hon. gentleman—

Mr. Martin (Essex East): That was what I was interested in.

Mr. Diefenbaker: I must say I have learned from the hon. gentleman because he usually starts off at length regarding matters that are not covered by the question before he asks the question.

Mr. Chevrier: The Prime Minister has nothing to learn in that respect.

Mr. Diefenbaker: I want to say that the Minister of Labour is watching this improvement with the greatest of interest and also with the anticipation that it will continue.

In so far as the winter works program is concerned, we are very proud of the record that was established in employment as a result of the introduction of this plan and as events transpire within the next few weeks a decision will be made in lots of time, in the event that it is decided to proceed with the plan, to assure that the success of last winter will be multiplied and the number employed under the plan during the coming winter.

Mr. Pearson: Mr. Chairman, this tremendous economic upsurge about which the Prime Minister has spoken does not alter the fact that there is still a greater percentage of unemployed in this country than in the United States or the United Kingdom. While seasonal and other considerations have reduced the number during the summer, seasonal factors will soon be moving against employment. What we are asking is that plans should be made now to take care of this situation if this autumn and winter there should be abnormal unemployment. When this matter was brought up a few days ago the Minister of Labour had this to say as found on page 5958 of *Hansard*:

> We hope the situation will be such that it will not be necessary to have this program repeated.

Also we hope the situation will be such that this program will not have to be repeated. But this government has an obligation to plan against that situation, to plan in advance a winter works program to take care of the situation if we should have abnormal unemployment. It is not good enought for the Prime Minister to say tonight that they are considering the matter. It is not good enough for the Minister of Labour to say, as he did on July 14:

> Whenever further consideration has to be given to this problem because of circumstances which may arise, this government will always look sympathetically on the matter.

It is not good enough to look sympathetically on the matter of winter unemployment. It is more important to plan in advance with the provinces and municipalities so that such unemployment can be reduced, not by 35,000 out of 600,000 as was the case last winter but more effectively than that.

Mr. Diefenbaker: I do not want to add to the discussion at this time except to say my information is that so great has been the upsurge that at the present moment there are 200,000 more employed in Canada than at any other time in our history.

Mr. Benidickson: Population increase.

Mr. Herridge: Because of the strong concern of this group about this problem I cannot resist saying a word or two. I cannot resist reminding the Prime Minister that when it was raining in the winter months and we were suffering from widespread unemployment the government did not take credit for that but blamed factors over which they had no control, lack of foreign markets, international conditions, and compared our circumstances with those in the United States, but I notice now that he is taking the credit when the sun shines.

I want to join with the other speakers in urging the Prime Minister to plan now for any unemployment that may develop next winter. Not only is it to the advantage of the human beings concerned but it is to the advantage of the country as a whole to avoid the unfortunate waste that goes with large scale unemployment.

Mr. Benidickson: May I just add that I hope the Prime Minister will take into consideration along the same line the winter works opportunities available under the northern affairs votes for picnic grounds and forest access roads. We know that in 1958 the announcement was made in November. The starting date was December and the provinces were not capable of taking advantage of the program until well on into the winter. I hope that some assurance will be given that this will be continued.

Item agreed to.

Resolutions adopted in committee of supply this day reported and concurred in.

WAYS AND MEANS

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Fleming (Eglinton) moved:

> That towards making good the supply granted Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1960, the sum of $2,509,880,956.37 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-73, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Rea in the chair.

On clause 1—*Short title.*

Mr. Herridge: Can the minister assure the house that the language of this bill is in exact terms with the usual bills?

Mr. Fleming (Eglinton): Yes, the bill follows the established form. There are no departures from that established form.

Clause agreed to.

Clauses 2 to 5, inclusive, agreed to.

Schedule A agreed to.

Schedule B agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: Is it the pleasure of the house that the bill be read a third time now by leave?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the third reading of the bill.

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

INCOME TAX ACT

MOTION FOR CONCURRENCE IN SENATE AMENDMENTS

The house resumed from Tuesday, July 14, consideration of the motion of Mr. Fleming (Eglinton) for the second reading of and concurrence in amendments made by the Senate to Bill No. C-48, to amend the Income Tax Act.

Hon. Donald M. Fleming (Minister of Finance): Mr. Chairman, this matter was before the house on July 14, just four days ago. I hope, for that reason, I can abbreviate these few remarks. The Senate introduced two amendments to the bill to amend the Income Tax Act, Bill No. C-48, and those are to be found on page 579 of *Votes and Proceedings* of June 18. As I mentioned on July 14, the first amendment is very simple. On page 11, line 16 of the bill, it is proposed, after the word "or" to insert the word "charterparty". As I mentioned on Tuesday, Mr. Speaker, this is purely a drafting matter and there is no question whatever of substance involved. It is suggested, for that reason, that the amendment be accepted.

However, on the second amendment, some discussion ensued when the matter was before the house on Tuesday. By that amendment the Senate proposed to strike out clause 19 of the bill which is found on page 11 of the bill. You will recall, Mr. Speaker, that in the debate on July 14 the house expressed itself in firm terms on the principle of amendments by the Senate to money bills. The Leader of the Opposition said, as recorded on page 5982 of *Hansard* for that date:

> Mr. Speaker, it seems to me that a very important constitutional principle is involved in this matter. I am sure we all feel that we have a duty to ensure that the rights and privileges of this house are not violated, circumscribed or abridged by any action which we might be taking arising out of action taken in the other place. The rights and privileges of the House of Commons are well known in this matter and the limitations on the action of the other house in respect of those rights and privileges are also well known.

Further along, he referred to my remarks to the effect that the government accepted this course, perhaps reluctantly. Then, he said:

> If the government's reluctance was due to the substance of the amendment in question, it seems to me all the more surprising that the government would take this particular course. If the government's reluctance is due to misunderstandings which may be created in the future because of the procedure we are following and because of the possible effect of that procedure on the rights and privileges of this house, then it seems surprising to me that having this reluctance the government would pursue this particular course.

The government made quite clear its view on this matter. The Prime Minister (Mr. Diefenbaker) in his intervention in the debate confirmed very plainly the rights and privileges of this house in the matter of money bills, and reaffirmed the established principle, well recognized in this house, that while the Senate may reject money bills it may not amend them. I wish to remind the house that in introducing the matter I said this at page 5978 of *Hansard*:

> I wish to emphasize, Mr. Speaker, that the government does not concede any right or power on the part of the Senate to amend money bills. Had this been a more serious matter, or had this amendment related to something affecting the revenues, I would have considered it my duty to challenge any infraction of the privileges and rights of this house thereby created.

It was made clear that this clause 19 was not introduced into the bill with the object in view of enlarging the revenues. It was introduced with a view to abridging what was regarded as a discrimination or favoured position enjoyed by foreign business corporations under the Income Tax Act here. In the light of the views expressed in the house, the government is pleased to reaffirm, re-emphasize and reassert the principle that money bills passed by this house may not be amended in the other place.

Mr. Benidickson: Even a reduction in taxation?

Mr. Fleming (Eglinton): May not amend money bills, is the time honoured reply, and for that reason the government is proposing a somewhat different course on this occasion.

I shall mention only very briefly the background of the amendment itself. I give this merely because the hon. member for Kenora-Rainy River (Mr. Benidickson) asked some questions on this subject on Tuesday. If the house continues to share the view of the principle at stake in the constitutional aspects of this matter then I take it that the house, having spoken on an earlier occasion on this subject, namely May 4, will desire to affirm the position it took at that time and reject the amendment proposed by the Senate in striking clause 19 out of the bill.

Let me very briefly say that the effect of clause 19 of the bill was to close the class of foreign business corporations which under section 71 of the Income Tax Act now enjoy exemption from taxation under that act,

These corporations, by paying a fee of $100 and proving qualification in other respects, completely escape taxation under the Income Tax Act. While this provision goes back actually to 1918, to the very early days of income tax, it was introduced at a time when the position of corporations doing business outside of Canada was very different from the position that is accorded to those corporations today.

This provision of the act allowing corporations to become foreign business corporations dates from a time when there was no provision for a credit for foreign taxes nor any provision for tax freedom on dividends from foreign subsidiaries. Canadian corporations may now obtain a credit for taxes imposed by foreign governments on their operations abroad, or if they own or control subsidiaries abroad to the extent of owning at least 25 per cent of the shares they may bring dividends from those subsidiaries back to Canada free of Canadian tax. In view of these provisions there seems to be no longer any need for Canadian corporations to use the foreign business corporation classification in order to carry on operations abroad.

I do not wish to detain the house any longer than is strictly necessary. In this respect I can, if the house wishes, go into this subject at greater length but I hope that will not be necessary. There is an abundance of evidence that the circumstances which called this type of exemption into being 40 years ago no longer obtain. I remind the committee we are not taking anything away in clause 19 of this bill from any corporation that had qualified up to the night the budget was brought in or was in a position then to qualify, but the effect of the amendment was to close this class so that no more corporations could, under present circumstances, acquire rights under it.

I said at that time that the closing of this class would give us an opportunity to go into this subject at greater length in our studies to determine what value, if any, there was to Canada in allowing corporations which have no assets in Canada or property in Canada to enjoy this particular form of tax exemption. I will therefore not dwell on that subject unless hon. members so choose. But I come back to the principle which I submit is well recognized in this house and which, for my part, I am glad to have the opportunity to ask the house to reassert on this occasion. It is a proposition that is described by Bourinot in his fourth edition at page 285, in these words:

> —the Senate is now practically guided by the same principle which obtains with the House of Lords and acquiesces in all those measures of taxation and supply which the majority in the House of Commons have sent up for their assent as a co-ordinate branch of the legislature.

May I simply close my remarks on this aspect of the matter by recalling the words of Sir Wilfrid Laurier in this house in a similar situation on September 7, 1917. This is the way in which Sir Wilfrid put it, and I am sure the house will not question the assertion of Sir Wilfrid on a constitutional question. He said this:

> It is a well-known principle that the upper chamber can reject any bill, even though it deals with financial matters, that has been passed by this house. The Senate can reject the supply bill; it can reject a bill adopted by the committee of ways and means of this house, but it cannot amend such bills. This principle has been affirmed over and over again.

On this occasion I am asking that the house reaffirm the principle. I am therefore moving, Mr. Speaker, the following motion, seconded by my colleague the Minister of Trade and Commerce:

> That a message be sent to the Senate to acquaint Their Honours that this house agrees to the first amendment made by the Senate to Bill C-48, an act to amend the Income Tax Act, being an amendment to clause 18 of the said bill, but disagrees with the second amendment, whereby the Senate would strike out clause 19 of the said bill, for the following reasons:—
>
> 1. The outright exemption of foreign business corporations from tax under the said act should not be extended to corporations which have not qualified or cannot qualify as foreign business corporations in accordance with the provisions of the said clause 19.
>
> 2. The class of tax-exempt foreign business corporations under section 71 of the said act should be closed pending a review of the position of such corporations and the value to Canada of permitting more corporations to qualify as such.
>
> 3. The said amendment of the Senate infringes the sole and undoubted right of the Commons to impose taxation; it alters the application of taxes and interferes with the public revenue.

Mr. Speaker: Before the Leader of the Opposition speaks, may I say this. I take it that the Minister of Finance considers that the proposed amendment does not now infringe on standing order 63 by reason of the fact that the remaining amendment does not alter any of the conditions, etc., of the grants involved.

Mr. Fleming (Eglinton): Exactly so, Mr. Speaker.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, when the government submitted to the house this Senate amendment the other day, the position we took then on this side with regard to the procedure was the position which has been put forward by the minister today and which has been embodied in this motion. We are therefore naturally gratified that the government has taken this position and we will support it. I should like to add, however,

an expression of hope that as to the substance of the matter contained in the Senate amendment, which we think had much to recommend itself, the government will give consideration to that matter with a view perhaps to bringing in next year the kind of amendment which the Senate submitted to the house and which we thought was an improvement. However, as far as the procedure is concerned, we think that nothing should be done which can infringed in any way the rights and privileges of this house by Senate action. As I have said, we are therefore gratified that the government has taken the course we recommended the other day.

Mr. H. W. Herridge (Kootenay West): On behalf of this group, Mr. Speaker, I want to say that we are very pleased indeed that the Minister of Finance has made this announcement tonight. In so doing, he has shown a willingness to support the argument put forward by the hon. member for Vancouver East (Mr. Winch) on behalf of this group, when he first introduced the legislation. It is another illustration of the effectiveness of the opposition.

Motion agreed to.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING REPRESENTATIONS ON PRICES, ETC.—APPLICATION TO FISHING AGREEMENTS

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. C-70, to amend the Combines Investigation Act and the Criminal Code.

He said: Mr. Speaker, this bill has been the subject of discussion between representatives of the various parties and has also, as you will recall, been the subject of an earlier statement by myself as to our intentions with respect to its disposition. On July 7 I made a statement as to the government's intention and at that time indicated that by leave of the house I intended to divide the bill, leaving over for next session those portions of the original bill which deal with amendments to combines, mergers and monopolies provisions, leaving for consideration at this session only the portions dealing with small businesses and an additional section introduced on that date to take care of a situation arising in the fisheries industry in British Columbia as a result of the report of the director of investigation and research under the Combines Investigation Act. Accordingly, our original bill was dropped and a new bill, namely Bill No. C-70 now before the house, was introduced.

This bill consists of four clauses. The first three are those dealing with the situation of small businesses. First, there is a clause to deal with misleading advertising; second, a clause to deal with the situation arising under section 34 of the present Combines Investigation Act; and, third, a clause dealing with unfair pricing practices. Then the fourth clause is the one introduced to take care of the fisheries situation in British Columbia.

Since that time—that is, since July 7 when I made my previous statement—I have to advise the house that I have received a number of further representations, both from members of the house itself and from organizations throughout the country, to the effect that the provisions of the first three clauses, while important and while dealing with an urgent situation, nevertheless require further consideration. I have received representations from such organizations as the Co-operative Union of Canada pointing out that in their view the bill in its present form would confront them with certain problems about which they are gravely concerned. As I have said, other organizations as well as members of parliament have represented that the bill requires a great deal of study and should have further consideration.

I must say, Mr. Speaker, that the interest and concern which have been shown in connection with this bill are to me an indication of the importance of the subject matter with which it deals. This bill, as it now stands with respect to the first three clauses, is an attempt—and I believe it will be an effective and useful attempt—to deal with extremely grave difficulties now confronting small businesses in this country.

I would have liked to proceed with the bill at this session for the reason which I indicate, namely the urgency of the problem which confronts these small businesses. But by reason of the importance of the situation and of the importance of our economy of maintaining the maximum number of small, independent private enterprises, I consider it is our duty to ensure that the legislation we introduce be in the best, most effective and most workable form.

Therefore, in view of the number of representations I have received—I must say I have had some criticisms, although the criticisms have been outnumbered by the constructive and helpful suggestions—as to the desirability of further consideration of some changes which might be made, I consider that to proceed with the bill at this stage of the session would not be helpful in view of the obvious proximity of the closing of the

session, which might indeed mean that we would pass a bill in a form which was not the best form that such legislation could take. While I recognize, therefore, that to delay the bill would be a matter of real concern to the small businesses of this country and the organizations which speak for them, I would ask the house, and will ask those organizations and others concerned in the matter, to believe that their interests may well be better served by giving a little further time for reflection on the legislation which has now taken concrete form, in the hope that in the interim we may receive further constructive suggestions and in the belief that those suggestions will help us to bring in legislation which will be the best we can devise to meet the problems that I have discussed. Therefore I would ask the house for its consent, when we get into committee, to move that the first three clauses be deleted.

I announce it now as the firm intention of the government to re-introduce the legislation at the next session. I do not say that it will be in exactly the same form because we will be considering the suggestions which are made in the interim, as I am sure they will be, by small business organizations themselves as well as by others. But I do announce now that it is the firm intention of the government to re-introduce legislation along these lines at the next session and to proceed with and deal with that legislation at that session.

Mr. Speaker, I realize that a motion to delete clauses 1, 2 and 3 is in effect an expanded negative and would therefore not normally be in order; but it seems to me to be the neatest way to deal with the problem which confronts us, if the house itself agrees with me that it would be a wise course to defer consideration of those three clauses at this time. I will not ask for the deletion of clause 4, because for reasons which perhaps I can discuss better in committee it is, I consider, urgent that we enact clause 4 so as to take care of the situation in British Columbia in the fishing industry which would result if we did not bring in this exemption from the operation of the act for a two-year period. It is on that basis, therefore, Mr. Speaker, that I would ask the house to consent to second reading at this time on the understanding that I will ask one of my colleagues to move in committee that the bill be amended by the deletion of the first three clauses.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the course which has been proposed by the minister seems to us in the circumstances to be a sensible one.

[Mr. Fulton.]

We will agree to second reading on the understanding that that course will be followed in committee.

Mr. Frank Howard (Skeena): Mr. Speaker, that represents our position with respect to the proposal made by the minister, which appears to be a commendable attitude at this stage in view of the importance of the legislation itself. I would suggest, though, that the minister in re-introducing amendments to the Combines Investigation Act and the Criminal Code in so far as combines are concerned, attempt to have the legislation drafted for introduction as early as possible at the next session. I would also ask him to consider having the bill itself referred to perhaps the banking and commerce committee in order that a little more exhaustive study may be given to it than could be given in committee of the whole.

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

On clause 1—*Misrepresentations as to ordinary price.*

Mr. Fulton: Mr. Chairman, in accordance with the undertaking I gave on debate on second reading, I would ask one of my colleague to move that clauses 1, 2 and 3 of Bill No. C-70 be deleted, and that clause 4 be renumbered clause 1 of the bill.

Mr. Churchill moved the following amendment:

That clauses 1, 2 and 3 be deleted and that clause 4 be renumbered as clause 1.

Motion (Mr. Churchill) agreed to.

On clause 4 (renumbered 1)—*Application of acts to fishing agreements.*

Mr. Howard: Mr. Chairman, I would like to make a comment or two on clause 1, because of the particular effect it will have on the situation in British Columbia so far as the fishing industry is concerned. I suggest that it has always been the understanding that the present section 4 of the Combines Investigation Act and the particular subsection in one part of the Criminal Code which says this shall not apply to employees or workmen afforded reasonable protection in themselves and always has been construed, in any event to means that fishermen on the west coast bargaining through their union with the fisheries association or with the fishing companies have been excluded from the provisions of the act. It certainly came as quite a shock to the native brotherhood of British Columbia, and to two or three other organizations of fishermen as well as to the companies themselves, that they should have been

considered, at least by Mr. McDonald in his statement of evidence, as having operated over the years through what was considered to be a process of normal collective bargaining, and by that collective bargaining to have operated in contravention of the statute itself. This will place, in effect, a moratorium on that suggestion of alleged illegality under the statute for this year and for next year.

It has been suggested that this should be included now, or drafted in such a way as clearly to indicate that the act will not apply to fishermen in the conduct of their affairs, not only on the west coast—I notice this confines itself specifically to British Columbia—but to other parts of Canada. Although there may well be in other parts of Canada similar organizations, unions and collective bargaining processes between fishermen and the employers in the industry, who have been carrying on their collective bargaining processes in precisely the same way as is done in British Columbia, they may yet find themselves not protected by this particular clause inasmuch as it is restricted to British Columbia.

I realize that it is most unwise to attempt to draft legislation in committee because the changes and amendments advanced by hon. members sometimes fail to meet the situation they are intended to meet but for the two reasons with which I dealt I am going to advance a proposal for the consideration of the minister although I do not advance it as a formal amendment. I would propose deleting everything after the word "apply" in the second line and substituting therefor the words "to combinations of fishermen for their own reasonable protection". That portion of the clause would then read:

> Nothing in the Combines Investigation Act or in section 411 of the Criminal Code shall be construed to apply to combinations of fishermen for their own reasonable protection.

The minister may consider that this wording does not adequately meet the problem but I put forward this suggestion to cover the two points I mentioned. Fishermen should not be in a position of wondering whether they have committed an offence, and this should not be restricted to British Columbia because fishermen elsewhere may be engaging in the same type of activities.

Mr. Pearson: Mr. Chairman, may I state that we on this side do not consider that this kind of collective bargaining represents a combine. We agree with the hon. member who has just spoken that any doubts on that matter should be removed. We would be interested to hear the minister's reaction to the suggestion that has just been made to that end.

Mr. Fulton: Mr. Chairman, I appreciate the remarks that have been made by the Leader of the Opposition and the hon. member for Skeena. There were two questions raised. The first one raised by the hon. member for Skeena was whether the act should be made of more general application. I believe the answer to that is that so far as I can ascertain there is no situation anywhere else in Canada comparable to the situation in the fishing industry in British Columbia, for a variety of reasons. As far as I am aware that is the only place where there is an organization calling itself a fishermen's union that operates in the way this one does with agreements with companies, and so on. Whether I am right or wrong in saying it is the only place where this method of bargaining or price setting takes place, the fact is that this is the only area in which such activities on the part of fishermen and fishing companies are now being investigated.

We considered it very carefully. It was my thought that in making an exemption of this type it would be desirable to confine it as narrowly as possible. We are making an exemption from an act of general application and therefore I believe it is wise to confine the exemption only to those cases where such an exemption is demonstrably necessary.

With regard to the second question as to what should be our attitude toward the bargaining activities carried on between the U.F.A.W.U. and the fish packing companies and as to whether or not such bargaining activities should clearly be exempted from the Combines Investigation Act, I am sure my hon. friends would not expect me to make any definite commitment at this time until I see the report that will be made by the restrictive trade practices commission.

When we receive that report we will have to consider first of all whether it discloses an offence. If so, we will then have to consider whether or not we should institute legal proceedings. I think I should say that possibly our final decision cannot be made until after any legal action which is instituted shall have been determined and we get the decision of the court.

I am quite satisfied that the union will raise the point that it is a union within the meaning of the word as used in the combines act and therefore that its activities do not come under the provisions of that act. That will be a question before the commission and depending upon the finding of the commission it may be a question before the court. The question, as I understand it, is whether in fact this is a union of employees or, rather, an association of independent producers or fishermen.

I am not going to say any word which would indicate that I prejudge that situation or the answer to that question. I would only say that when we have the report of the commission and possibly—if this should be the case and if it should go to court—the decision of the court, then depending on that report and/or that decision it will be necessary for consideration to be given to the question which may be stated in these terms. If it is decided as a matter of policy that this type of bargaining activity is desirable and should be allowed to continue unfettered by the Combines Investigation Act, then consideration will have to be given to the question of whether or not some appropriate legislative action should be taken by either the provincial or federal authorities, as the case may be, to ensure that the arrangements that it is desired as a matter of policy to allow to continue should be allowed to continue under the protection of whatever legislative umbrella may at that time be thought to be appropriate and in accordance with proper policy.

I do not think I could usefully add very much more at this time without being in danger of prejudging the case or of suggesting some commitment which at the present time it would be improper for me to make. I will only say that it seems to us that the wisest course—indeed the sensible course on all counts—is to introduce the present provision by virtue of which whatever has been done in the past may be continued in the present and for the two-year period ending on December 31, 1960, without any possibility of prejudice to any party, whether it be the union or the companies, notwithstanding whatever may be the finding of the commission or the decision of the court, if legal proceedings are instituted. In that way I think we are preserving the status quo without any possibility of penalty or prejudice. This will give all parties, including the governments, time to take a good look at the situation and decide what is the sensible course to follow in the light of the situation that may be disclosed following the finding of the commission.

Another question with which I should deal is that of the proposal which my hon. friend said he would like to have moved as an amendment. I appreciate his intention in this matter, but I think I should point out to him that such an amendment would not answer the situation because it would not take care of the case of the companies; although I am not saying that the case of the companies is right or wrong.

Here we have a situation where there is bargaining between the U.F.A.W.U. and the companies. I do not think we can take care of that situation by saying the unions only are protected because then the unions would have protection, but the companies which have to be parties to the same agreement which may be contrary to the act, would not be protected. So that if we adopted the amendment of my hon. friend, which merely covers the union, it would not protect the companies if they decide to continue those negotiations in the interim period during which we are trying to protect all parties.

Mr. Howard: Mr. Chairman, the lucid and detailed explanation and argument of the minister in regard to the two questions I submitted should be considered. However, at this time I should like to deal with the question of confining it to a geographic area. The minister says he has not been able to discover a condition existing in Canada similar to that which exists in British Columbia in so far as the collective bargaining processes are concerned. I do not know. That may be true. I am sure it is correct that such a situation does not exist at the moment.

But there is this possibility which might arise. In as much as the government and the minister are intending to allow certain processes to take place in British Columbia, notwithstanding what they may have been doing in the past, I believe we should consider this possibility. It may arise this year or next year some time that in the fishing industry in some other part of Canada they will develop a union similar to the U.F.A.W.U. which might carry on negotiations under the collective bargaining processes in the same manner as does the U.F.A.W.U. with the fishing association of British Columbia. If that condition does arise then I believe we would be well advised to take cognizance of the possibility of it existing, and perhaps the words "in British Columbia" in the two instances where they appear should be removed. It will not be upsetting anything, and it will be guaranteeing some sort of legislative protection to other people in similar activities in other parts of Canada in case the condition does arise.

Mr. Fulton: I think I can dispose of my hon. friend's concern by saying it is scarcely likely that the combines branch would institute and press another inquiry into a similar situation if one exists, or if one should arise, until this inquiry is finally disposed of. I make that comment as minister. I think it is scarcely likely that such an inquiry would be pressed until this one is disposed of. At that time we will have to decide how to deal with such situations wherever they may exist in Canada.

Mr. Howard: May I express another thought on that, Mr. Chairman. Until this particular investigation started, in so far as the fishermen of British Columbia are concerned, was not that section of the act—I forget the precise part of it—the section which states that any six citizens in Canada can—if they make a statement of evidence to the effect that because of the conditions existing they think there is a combine existing—start the ball rolling in so far as an investigation is concerned, and the director then is duty bound to proceed with such an investigation, as was done in this case. There is the possibility but I do not say it will arise. Suppose the Newfoundland fishermen decided to establish a union, I think it would be a commendable thing for them to do there—

An hon. Member: It would be outlawed.

Mr. Howard: If they decided to do that and if they commenced bargaining under the same process with a company there as was done in British Columbia, could some six citizens—I hope they are not all Liberals—decide to start the ball rolling toward an investigation, and the director would then be duty bound to proceed in so far as the conditions existed at that particular moment. They might fall within this two-year period. Just to cover the possibility I think the minister should undertake to remove the words "British Columbia" which appear in this clause.

Mr. Fulton: I still think, Mr. Chairman, it is sounder to confine the exemption only to those situations that demonstrably require to be covered by the exemption.

I want to reassure my hon. friend that, although he is perfectly correct, if there should be established another union similar to the one in British Columbia and if negotiations between it and fishing companies should take place and if six people formally made representations to the director, he is quite right, the director would then have to institute an inquiry.

We discussed this matter on my estimates in the light of some criticisms then made. These inquiries take a long, long time between the first step taken by the director and the final disposition by the courts, or indeed even by the restrictive trade practices commission. That is quite true. I think, therefore, I am quite safe in saying to my hon. friend that in the situation he envisages we could count on the final disposition of the British Columbia case before an inquiry in some other part of Canada had produced any prejudice to any party who might be involved.

Mr. Howard: One other point. I guess I did not try hard enough. I am going to get a change made in this clause somehow or other. I think I had better do it in a formal way and the minister will see how necessary it is to have some watchdogs over on this side of the house. I would point out to the minister that the last word on the fourth line of clause 1 is "Colombia". It is misspelled. It should have a "u" in there. Accordingly, I would like to move.

That clause 1 be amended by deleting in line 4 thereof the misspelled word "Colombia" and substituting therefor the word "Columbia".

Mr. Fulton: I shall be glad to accept the amendment.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported, read the third time, by leave, and passed.

BRIDGES

AUTHORIZATION OF CONSTRUCTION ACROSS NIAGARA RIVER

Hon. Donald M. Fleming (for the Secretary of State for External Affairs) moved the second reading of Bill No. S-30, to authorize the construction of a bridge across the Niagara river between the province of Ontario and the state of New York.

Mr. Benidickson: Is that a toll bridge?

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

On clause 1—*Approval of bridge.*

Mr. Fleming (Eglinton): Mr. Chairman, this bill has nothing to do with the maintenance or operation of the bridge. There will have to be legislation next year dealing with that. This bill has two purposes and two only. It is based on the urgent request of the province of Ontario. The first purpose is to permit the construction of a new bridge across the Niagara river between Queenston on the Canadian side and Lewiston on the United States side. The second purpose is to enlarge the powers of the Queenston Heights Bridge Company to make it quite clear that it had the power to sell the present bridge to the Niagara bridge commission.

Mr. Martin (Essex East): The Leader of the Opposition suggests that I ask this question. Can the minister explain why in clause 3 the lieutenant governor is given the power to designate an authority that might not be a resident of Canada? Indeed, the authority might be an American authority. Would the minister, knowledgeable as he is on this and on so many other matters, give me a reply that would be adequate to the occasion?

Bridges

Mr. Fleming (Eglinton): I thank my hon. friend for his overwhelming flattery. I never thought I would live to see the day, or I should say the night, when I would hear that. It is very agreeable indeed.

Perhaps we are getting ahead of ourselves when we talk about clause 3, but the fact is that the Niagara bridge commission exists under legislation of congress and it is a rather extraordinary thing that the provision that is made for appointment to the membership of that commission of certain representatives of Ontario exists not by virtue of legislation passed in Canada but by legislation passed at Washington. I am informed that following the enactment of the present bill further legislation will be required to be enacted by congress and also by this parliament next year dealing with such questions as the one asked by the hon. member for Kenora-Rainy River. But the purposes of the bill are quite simple and, as hon. members realize, the bridge will connect the New York thruway and the Queen Elizabeth way.

Clause agreed to.

Clauses 2 to 8 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BRIDGES

AUTHORIZATION OF CONSTRUCTION ACROSS PIGEON RIVER

Hon. Donald M. Fleming (for the Secretary of State for External Affairs) moved the second reading of Bill S-31, to authorize the construction of a bridge across the Pigeon river between the province of Ontario and the state of Minnesota.

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

On clause 1—*Short title.*

Mr. Badanai: The Pigeon river is the boundary line between the United States and the province of Ontario. Has an interdepartmental committee gone thoroughly into the question of the size of the bridge to be built and has the location been selected?

Mr. Fleming (Eglinton): Mr. Chairman, as the hon. member realizes, the purpose of this bill is to provide for broader purposes than the previous bill. This one is intended to provide for the construction, operation and maintenance of a bridge over the Pigeon river to connect highways in the province of Ontario and the state of Minnesota. The bill is introduced at the request of the province of Ontario and it authorizes the province to enter into an agreement with the state of Minnesota for this purpose. It is our information that appropriate legislation already exists in the United States.

Clause agreed to.

Clauses 2 to 6 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL ENERGY BOARD

PROVISION FOR ESTABLISHMENT AND OPERATION, APPOINTMENT OF MEMBERS, ETC.—CONCURRENCE IN SENATE AMENDMENTS

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of and concurrence in amendments made by the Senate to Bill C-49, to provide for the establishment of a national energy board.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I want to take advantage of the opportunity to ask the minister a question at this point. He will recall that I was critical of the government. I argued that they were responsible for some delay with respect to this matter and I concluded by expressing the hope that the board would be appointed very quickly after the bill passed. I have two questions I should like to ask him now. First, is it the intention to proceed with the appointment of the board as soon as authority is finally granted by parliament? Second, can he give the house any further information as to when we may expect the second report from the Borden commission?

Hon. Gordon Churchill (Minister of Trade and Commerce): In answer to the first question, the intention is to proceed as rapidly as possible with the appointment of the energy board. With regard to the second question, it is expected that the second report will be presented soon. I cannot give the exact date.

Motion agreed to, amendments read the second time and concurred in.

FISHERIES

NEWFOUNDLAND—REPEAL OF CERTAIN LAWS RESPECTING EXPORTATION OF SALT FISH

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill S-32, to repeal certain fisheries laws in force in the province of Newfoundland respecting the exportation of salt fish.

He said: Mr. Speaker, may I say just a word in explanation. The explanatory note in the bill is sufficient, I think, but in order that there shall be no doubt about it may I say that a year ago I gave 12 months notice

that the exclusive licence to export fish would be discontinued in so far as it affected Newfoundland Associated Fish Exporters Limited. Consequent upon that, it is necessary to repeal the act which required permits for the export of fish. The exclusive right to export fish ends on July 31 of this year. It would be necessary then, and this is in accord with the wishes of the Newfoundland Associated Fish Exporters Limited, that the permit system be discontinued. Hence, this legislation which has been introduced.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I do not intend to inflict a speech on the house at this hour of the night, but I do want to say that it seems to me very regrettable indeed that when this announcement was made over a year ago this legislation, which was obviously necessary, could not have been introduced at sometime during the session when it would have been possible to discuss this very important subject. I should like to remind you, sir, and remind the house, that the exportable surplus of salt codfish and codfish generally, in relation to the total production of this country is probably higher than that of any other commodity in the country and very much higher than wheat, as I discovered over 20 years ago when I first came to Ottawa from western Canada and had the view that perhaps many people in western Canada have that this industry is not as important as one finds it is.

For many years the marketing of the fish from Newfoundland was carried on by a lot of individual firms and there was cutthroat competition in the markets, a deplorable state in the markets. In order to overcome this, this system which has many analogies though also many differences with the wheat board system in western Canada grew up. Obviously, when Newfoundland became a part of Canada it was impossible to have a controlled marketing situation indefinitely in one province and an uncontrolled situation in the other provinces producing the same commodity. I have no criticism to make of the decision of the government to end NAFEL's exclusive licence. I think it was inevitable. It was just a question of timing, and I am not even criticizing the timing.

I do not intend to spend more than a minute or two on a point upon which I could have taken a great deal of time under other circumstances, perhaps on the minister's estimates. It does seem to me that a return to cutthroat competition by Canadian producers is going to be suicidal to the industry. We have competition from the Norwegians, the French, the Icelanders and from many other producers of fish in the foreign markets, and all our competitors are subsidized. The Canadian producer has to face subsidized exports from all these countries, and to face them without anything comparable. I wish I knew the answer to this problem, and I would be glad to put it forward, but I am quite convinced that some method has to be found, by some device or other, so that the Canadian producers will not be competing with one another in the markets for any considerable length of time.

I hope the minister and his officials, and the Minister of Fisheries who is so familiar with this problem and his officials, will use their utmost energy in tackling this problem. I know there have been conferences with the producers in some other provinces, and also with the exporters. I know some of the difficulties. I know this is not an easy problem to solve at all, but a decent livelihood for these primary producers depends upon its solution. It should be tackled, and tackled with the utmost vigour and the utmost dispatch, and should be solved so that we will not have any lengthy period of real depression in the industry before there is a solution.

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

ROYAL CANADIAN MOUNTED POLICE

LEGISLATION RESPECTING ORGANIZATION AND DISCIPLINE—CONCURRENCE IN SENATE AMENDMENTS

Hon. E. D. Fulton (Minister of Justice) moved the second reading of and concurrence in amendments made by the Senate to Bill No. C-34, respecting the Royal Canadian Mounted Police.

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the minister if, as I believe it is, this is the amendment he said he would undertake to have made in the other place at my suggestion when we debated this matter?

Mr. Fulton: That is correct. The Senate —I do not like to say at the request of the government, but the matter was discussed with members of the other place—in accordance with the undertaking I gave here the Senate amended the bill to provide that immediately after subclause (2) of clause 20, there should be inserted the following subclause 3:

> The minister shall lay before parliament a copy of every arrangement made under subsection (1) within 15 days after it is made or, if parliament is not then sitting, on any of the first 15 days next thereafter that parliament is sitting.

The arrangements referred to are any new contracts with a province for the R.C.M.P. to carry out policing within the province.

Mr. Pickersgill: The minister satisfied himself in that case there was no present obligation to table these under the Regulations Act.

Mr. Fulton: That is correct, yes.

Motion agreed to, amendments read the second time and concurred in.

CRIMINAL CODE

MOTION FOR CONCURRENCE IN SENATE AMENDMENTS

Hon. E. D. Fulton (Minister of Justice) moved the second reading of and concurrence in amendments made by the Senate to Bill No. C-58, to amend the Criminal Code.

Motion agreed to, amendments read the second time and concurred in.

GRAIN

ANNOUNCEMENT ON RAILWAY BOX CAR DISTRIBUTION

Mr. Speaker: I understand the Minister of Trade and Commerce is requesting leave to revert to motions. Is it the pleasure of the house to give such leave?

Some hon. Members: Agreed.

Hon. Gordon Churchill (Minister of Trade and Commerce): I have an important announcement to make with regard to railway box car distribution. The government has given careful consideration to the report of the inquiry into the distribution of railway box cars as submitted by Mr. John Bracken and also to the representations relating to this report submitted to the government by the wheat pools, the United Grain Growers Limited and the Northwest line elevators association.

The Canadian wheat board, in allocating box cars to elevator companies, has been operating under an instruction issued to it by my predecessor in office, Right Hon. C. D. Howe, dated July 13, 1954. This instruction was of a very general nature and its administration depended in a large measure on the judgment of the Canadian wheat board. Under this directive the allocation of box cars was based primarily on the proportion of business each company enjoyed prior to congestion developing.

In its administration of delivery quota policy in times of congestion of country and terminal elevators the wheat board has over the years taken the position that available elevator space should be used to the greatest possible extent and that railway cars, as far as possible, should be placed at delivery points which are congested and lagging in respect to delivery quotas, rather than at delivery points where space is available.

I now wish to comment on the main recommendations as submitted to the government by Mr. Bracken. It is noted that Mr. Bracken's recommendations are framed to allow farmers the fullest possible exercise of their right to deliver to the elevator of their choice in times of congestion. While emphasizing the importance of freedom of choice in selection of elevators by farmers, Mr. Bracken states clearly in his recommendation No. 4 as follows:

> It is recommended that no procedure be allowed to impair the wheat board's sales efficiency or to get in the way of bringing forward the kinds and grades of grain most needed to meet market requirements from time to time.

Mr. Bracken indicated the overriding necessity of the board to give primary consideration to the movement of the kinds of grain and the grades of grain required to meet market demand. Whatever else happens, every opportunity should be taken to get grain into export and domestic markets. This has been the policy of the wheat board over the years, and must continue to be the primary responsibility of the board.

The general approach of the inquiry to the problem which it had in hand is indicated by Mr. Bracken's recommendation No. 1, which reads as follows:

> It is recommended that the present box car distribution procedure give way to a more fully competitive elevator operation—both at local points and as between companies—as far as this is practical under present conditions.

I am sure that producers and elevator companies alike share the view that there should be maximum competition in the handling of producers' grain. This recommendation is qualified by the words "as far as this is practical under present conditions". No doubt Mr. Bracken appreciated the requirements of the wheat board as a merchandising organization, the need for some attention to equality in delivery opportunity and the need to utilize as fully as possible available storage space during times of elevator congestion. These are very practical and reasonable qualifications.

Mr. Bracken's recommendation No. 5 is most important, dealing as it does with the concept of a more competitive elevator operation. This recommendation reads as follows:

> It is recommended that, whatever the future policy of banning shipments may be, at points which have one or more full elevators, while others have space available for new business, the practice of embargoing shipments from full elevators at such points be discontinued.

In this recommendation lies the crux of the report of the inquiry. Here Mr. Bracken breaks new ground and departs from the established policy of the board. He is of the opinion that a congested elevator is entitled

to relief except, perhaps, toward the end of a crop year when the board is endeavouring to equalize delivery quotas. He considers that over the greater part of a crop year cars should be supplied to congested elevators in order that they may continue as competitive factors on the local market.

This point has been discussed with the wheat board, and the board believes that it is possible to modify its present procedures by giving relief to elevators which are congested, except toward the end of the crop year when an endeavour is being made to equalize delivery quotas. The general approach will be to provide out-of-order cars to elevators which are congested and are unable to receive grain from producers. As recommended by Mr. Bracken such out-of-order cars will be chargeable to a company's subsequent allocation.

Mr. Bracken's recommendation No. 8 (ii) (a) states:

> That the allocation of shipping orders to different elevator companies be on the basis of current business earned by each.

This is a principle that is basically sound and in keeping with the policy of a more competitive elevator system. Mr. Bracken's recommendation No. 8 (ii) (c) is also important. It reads as follows:

> That each elevator at a shipping point be kept in a position to compete fairly with the others by the receipt of sufficient shipping orders from its parent company, and sufficient cars from the railway, to keep it from being "plugged" and thus out of business when others are not.

The wheat board will continue to allocate shipping orders to the head offices of elevator companies which in turn will distribute these shipping orders to their local elevators. This recommendation represents a continuation of the present practice of the wheat board and is in line with the objective of maintaining a more highly competitive elevator business.

These are the main operating recommendations of the inquiry. Other recommendations deal primarily with matters of procedure in relation to the important recommendations which I have already commented upon.

Under conditions of grain surplus, all grain storage capacity in Canada is required if producers are going to continue to market in each crop year a volume of grain in excess of 500 million bushels. Our total storage capacity in Canada is estimated at 636 million bushels, with an actual working capacity of some 550 million bushels. Of this total elevator capacity, approximately 60 per cent is country elevator capacity. To a greater extent than ever before country elevator storage capacity has been used not only for the receiving and shipping of grain but for the storage of grain. Therefore, whatever changes are made at this time, full use will have to be made of our country elevator capacity as well as our terminal capacity, if producers are to continue to deliver as large a volume of grain as they have marketed in recent years.

We are endeavouring to continue the effective use of our elevator storage capacity, and at the same time, to create conditions of more equity for producers in the delivery of their grain, and more competition in the handling of their grain.

The new instructions to the Canadian wheat board will result in a gradual rather than sudden change in the relationship between the board and the elevator companies in so far as shipping orders are concerned. The objective will be to place individual elevator companies in the position where they can earn larger handlings of producers' grain.

I should now like to read the new instruction which will become effective on August 1, 1959. It is dated Ottawa, July 18, 1959. It is addressed to Mr. W. C. McNamara, chief commissioner, the Canadian wheat board, Winnipeg, Manitoba and it reads as follows:

> Dear Mr. McNamara:
>
> The government has given careful consideration to the report of the inquiry into the distribution of railway box cars. In view of the findings of the inquiry, the instruction given to your board under date of July 13, 1954, is cancelled.
>
> It is now the desire of the government that on and after August 1, 1959, your board should be guided by the following principles emphasized in the report of the inquiry. These principles are:
>
> (1) Primary consideration must be given to the movement of the kinds of grain and the grades of grain required to meet sales commitments and to facilitate your selling operations.
>
> (2) Subject to (1) above and as far as current circumstances and reasonable equality in delivery opportunity permits, it should be your objective to provide:
>
> (a) that producers should have the opportunity of delivering their grain to the elevator or elevators which they wish to patronize; and
>
> (b) that elevator companies which act as your agents should have reasonable opportunity of competing with one another in the handling of producers' grain.
>
> In implementing the principles outlined above it is the view of the government that you should, as far as practicable, give attention to:
>
> (1) The need of a congested elevator for shipping orders.
>
> (2) Current grain receipts of each elevator company as a factor in determining the division of board shipping orders.
>
> In carrying out this instruction it is the responsibility of your board to advise each elevator company from time to time of its share of shipping orders.
>
> In conveying this new instruction to you, I realize that you are dealing with a very complex situation, with overriding factors involved. Therefore, following the completion of the crop year 1959-60, I would like to review this instruction with you in the light of your administrative experience.

That letter is signed by myself. I expect that the Canadian wheat board will issue detailed instructions to the trade within the next few days in light of the broad principles outlined in the directive which I have just read.

In closing, Mr. Speaker, I express my appreciation to Mr. Bracken and his colleagues who assisted in this inquiry. They have made a thorough investigation of this important aspect of grain marketing. Their report is the first authoritative study of box car distribution problems in western Canada and will serve as a useful guide in these matters for many years.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I think this is the first occasion on which I have ever had to speak on box cars. The circumstances are somewhat surprising in that we are in the last minutes of the last day of the session. I realize that the minister's statement deals with a matter of concern among producers in western Canada, and I hope the information he has been good enough to give us will help to remove some of that concern.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this is the second occasion on which I have had the opportunity of speaking on box cars, but because I am a bit foggy as to the implications of the minister's statement, can he tell me if the statement he has just read will correct the situation which I raised on orders of the day this morning on behalf of several wheat pool committees in Saskatchewan which had complained of certain deficiencies with respect to the distribution of box cars?

Mr. Pickersgill: I wonder if the minister is now in a position to answer the question I asked him about box cars some time ago which he did not answer at that time?

Mr. Speaker: The hon. member for Kootenay West (Mr. Herridge) asked a question in the course of his statement which, with the leave of the house, might be answered. Perhaps he would ask it again.

Mr. Herridge: Mr. Speaker, I was asking the minister this. I am a bit foggy as to the full implications of his statement because I am not very well acquainted with the distribution of box cars. Would the minister inform the house if his statement corrects the situation that I complained of this morning on orders of the day on behalf of the various wheat pool committees in Saskatchewan?

Mr. Churchill: Mr. Speaker, it will have that effect.

[Mr. Churchill.]

Mr. Speaker: Perhaps by unanimous consent this sitting might be suspended until the messenger arrives from the other place, to be signified by the ringing of the bell.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, while we are waiting for the messenger to arrive, perhaps you will allow me to follow the usual custom which has been pursued in this house now for some years. It is for the opposition to extend to those who are responsible for the business of the house their thanks and gratitude for the manner in which that business has been conducted during the session. On behalf of the opposition I would like to express to you, Mr. Speaker, our thanks for the manner in which you have accepted our points of view. While we have not always agreed with the decisions which you have handed down, and while sometimes we may have felt on this side of the house that they were not in accordance with our liking, none the less I would I think be remiss in my duty were I not to say to you that since you represent constituted authority in this house we always have respected your judgments and your decisions, and I am sure that such will be the case in the future.

I think, sir, too, that I would like to express to the house leader my thanks for the very co-operative manner in which he and I have gotten along during the course of this session. I can say in all sincerity that because the house leader, who is now the Secretary of State for External Affairs (Mr. Green), will be going on to higher duties and functions, I take it he will not be in a position to carry on in that capacity at the next session, but I would want him to know that I personally have appreciated a great deal working with him during the course of the session. I would also like to express my hope that the Prime Minister will find it possible to appoint in his stead someone with whom I and those of us who sit on this side of the house will be able to co-operate in order to expedite the business of the house.

I think I would also wish to express a word of thanks to the Minister of Trade and Commerce, the acting house leader, for the manner in which he has conducted the proceedings in the last few days in the absence of the Secretary of State for External Affairs. I think there is one thing which these last few days have indicated and it is that when we in the House of Commons, no matter where we sit, determine and decide that we are going to do a thing in accordance with agreement, then we can do it, and it is all to the credit of those of us who sit on both sides of the house that the agreement

which was arrived at was carried out and that the business was done with care, efficiency and expedition.

(Translation):

May I also offer a word of thanks, Mr. Speaker, to the Deputy Speaker of the house for whom I have much admiration, I have perhaps more for the manner in which he presides over the deliberations of this house, because he does so with efficiency and with patience.

(Text):

There was one omission, sir, which I made at the last session of parliament which I would not want to make again, and it is that I omitted involuntarily to say a word of thanks to the chairman of committees. I am sure he will take no offence at that omission, and I want to repair it at once. I want to tell him that while I may have had some hesitation at some of the decisions which he has rendered in an earlier session, I have nothing but commendation for him on this occasion, more particularly because of the manner in which he has presided over the deliberations of the committee during the session. He has proven to this house that he understands the rules and that he intends to put them into effect and into practice fairly and equitably.

Finally, sir, I think those who sit with me on this side of the house would wish me to extend in an especial manner our thanks to the house staff, who in these last few days have been hard put, because of the long hours during which we have had to sit in order to fulfil their duties. They have done them well, and to the *Hansard* reporters and to those who are responsible for the publication of *Hansard,* which during the sittings has always been on time in the morning, I express our thanks and our gratitude. From all of those who sit in the House of Commons our very best and good wishes for a happy and pleasant recess.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, with respect to the remarks made by the hon. member for Laurier concerning yourself, the chairman of the committee, the house leader and the staff, I want to say a round amen. Also I trust the period of the recess will be spent by all hon. members of this house to the general advantage of the people of Canada.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to join in this festival of brotherly love to thank the hon. member for Laurier for the delicate manner in which he expressed the appreciation of all of us for those he named and to tell him how much I appreciate the thoughts he expressed in reference to the Secretary of State for External Affairs (Mr. Green) who is about to vacate his position as house leader and also to say that the example set by the Minister of Trade and Commerce (Mr. Churchill) in the last few days is indicative of the fact that there are others who can hold that position in a way that will be acceptable to the entire house.

To the hon. member for Laurier and the hon. member for Kootenay West (Mr. Herridge) I wish to express appreciation for the manner in which they brought about that spirit of co-operation which assures to the greatest degree possible the achievement of the responsibility that each of us has in his respective place in the house.

To you, sir, the custodian of the conscience of parliament, and to the Deputy Speaker and the chairman of the committees, I extend appreciation and thanks from all of us for the manner in which you have discharged your responsibilities, difficult though they are, to the complete satisfaction of the members of this house.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps I am out of order in rising at this time because two have already spoken from this side but may I in a word, as leader of the official opposition convey my best wishes and warm regards to the Prime Minister (Mr. Diefenbaker), his colleagues and hon. members of the house, I express the hope that they will have a happy recess and come back to the next session energetic and even wiser.

Mr. Speaker: It is usually the privilege of the Speaker to have the last word. I thought I had made my one and only speech of the session this afternoon when I had the pleasure of piloting through the committee the legislation estimates, but I am now inclined to comment on the irregular but very pleasant references that have been made to the conduct of the Speaker.

I am deeply grateful to all hon. members who have spoken so generously and I am also deeply grateful to all hon. members of the house for the co-operation they have accorded to me and the other officers of the house.

When my decisions were right, I perhaps expected acceptance of them, but it is a higher compliment to have received such general acceptance when they were wrong. I extend to all hon. members my good wishes for a happy recess.

The Royal Assent

Mr. Deputy Speaker: Mr. Speaker, permit me first of all to tell you how much I appreciated working with you during the session which is now coming to a close. May I express my sincere thanks for your wise counsel and understanding with respect to so many situations. May I also tell Mr. Raymond, Mr. Montgomery and Mr. Dubroy how much I valued their assistance in this house. If at times the various decisions which I made were right it was mostly because of their wise counsel, and if at times my decisions were wrong it was because they were not present to advise me.

I also wish to express my thanks to the members of the staff and my special thanks to the hon. members of the house who bore with me while I made what at times must have sounded like very boring statements.

(Translation):

Mr. Speaker, allow me to express my fullest gratitude both to you and to all the members of the house, as well as to the Clerk and his deputies who have always given me the benefit of their advice.

Let me also thank my colleagues in the house for their understanding which has so much helped me in solving the problems incumbent upon me. I fully appreciate the extent to which this understanding has assisted me in making rulings in committee.

I am especially grateful to the hon. member for Laurier (Mr. Chevrier) for his kind remarks about me.

May the period between now and the next session enrich you in wisdom and happiness.

(Text):

Goodbye to all, and I hope we meet again soon.

Mr. C. E. Rea (Spadina): Mr. Speaker, may I say first of all that I am very happy even to be alive at the conclusion of this session. I do wish to thank hon. members for their kind co-operation and their charitable words which are very much appreciated. I wish to add my thanks to those of Mr. Deputy Speaker for the assistance extended to us by the clerk and officials of the house. I want now to say one last word to all: do have a happy, happy summer holiday.

THE ROYAL ASSENT

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

Ottawa, July 18, 1959

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 18th July, at 11.45 p.m. for the purpose of proroguing the present session of the parliament of Canada.

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

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

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

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

In the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act to incorporate Standard Trust Company.

An act to incorporate Desjardins Mutual Life Assurance Company.

An act to amend the Public Lands Grants Act.

An act to confirm an agreement between the government of Canada and the government of the province of New Brunswick respecting Indian reserves.

An act to confirm an agreement between the government of Canada and the government of the province of Nova Scotia respecting Indian reserves.

An act to provide for contributions and loans to the provinces in respect of crop insurance.

An act to provide for the extension of long term mortgage credit to farmers.

An act to amend the Maritime Coal Production Assistance Act and to authorize certain amendments to the agreement made under that act with Dominion Coal Company, Limited.

An act to provide for the humane slaughter of food animals.

An act to provide for the payment of additional grants to the province of Newfoundland.

An act respecting the Royal Canadian Mounted Police.

An act to amend the Income Tax Act.

An act to provide for the establishment of a national energy board.

An act to amend the Criminal Code.

An act to authorize the construction of a bridge across the Niagara river between the province of Ontario and the state of New York.

An act to authorize the construction of a bridge across the Pigeon river between the province of Ontario and the state of Minnesota.

An act to repeal certain fisheries laws in force in the province of Newfoundland respecting the exportation of salt fish.

An act to amend the Combines Investigation Act and the Criminal Code.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In Her Majesty's name, the Honourable the Deputy Governor General doth assent to these bills.

Then the Speaker of the House of Commons addressed the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons I present to Your Honour the following bill:

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1960.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Deputy Governor General, did thereupon say:

In Her Majesty's name, the Honourable the Deputy Governor General thanks her loyal subjects, accepts their benevolence, and assents to this bill.

PROROGATION OF PARLIAMENT

After which the Deputy Governor General was pleased to close the second session of the twenty-fourth parliament of Canada with the following speech:

Honourable members of the Senate:

Members of the House of Commons:

Canadians have welcomed with profound gratitude the visit of Her Gracious Majesty the Queen and His Royal Highness the Prince Philip. Her Majesty and the prince are assured of the affection and devotion of the Canadian people and of their deep attachment to the Crown. To mark Her Majesty's visit you have established the Queen Elizabeth II research fund for research into the diseases of children.

It has been gratifying that the President of the United States was able to be present with our Queen on the occasion of the official opening of the St. Lawrence seaway.

Canadians are convinced that every effort must be made to attain and to preserve lasting peace in the world. My government is hopeful that it will be possible at summit meetings of heads of governments to make progress toward the settlement of such important issues as Germany, Berlin, nuclear test explosions and toward agreement on general disarmament.

Meanwhile, it is necessary to maintain the strength of the free world provided by the north Atlantic alliance. To this end an important decision has been reached to re-equip the Canadian air division in Europe with modern and up to date aircraft. You have been informed of the steps being taken for sharing with the United States the production and procurement of defence equipment and have approved an appropriation to support selected development programs related to production sharing.

The government recognizes that the peace of the world cannot be assured by defence measures alone and that economic assistance to less developed countries is a necessity and in Canada's interest. You have authorized an increase in Canada's contribution under the Colombo plan to provide further help for Asian and African nations, particularly those within the commonwealth. You have also voted substantial assistance for the new federation of the West Indies. You have approved a measure to increase Canada's subscriptions to the international bank and the international monetary fund.

It is encouraging to note the strong recovery from the recent recession both abroad and here at home. My government will continue to take whatever steps lie within its power to maintain employment and to sustain sound economic growth.

To improve the lot of those who unfortunately from time to time find themselves unemployed, you have made important amendments to the Unemployment Insurance Act.

Emphasis has continued to be placed on national development and financial provision has been made for numerous projects in this field.

Important measures have been approved for the agricultural sector of our economy. You have enacted legislation to provide for loans and grants for provincial crop insurance schemes and a statute has been passed under which long term mortgage credit can be made available to farmers. The new farm credit act provides for substantially larger loans than have hitherto been available.

A national energy board has been established. This important new agency will ensure that, so far as it is within the power of parliament, Canada's energy resources will be conserved and used in the best interests of all our people.

The Maritime Coal Production Assistance Act has been amended to enable a further measure of assistance to this industry on which the livelihood of so many Canadians depend.

You have amended the Export Credits Insurance Act and thus provided a further stimulus for our exports and our trade generally.

Several statutes which go to make up the veterans charter have been amended, broadening the range of benefits to veterans, particularly those who settle on the land.

The Federal-Provincial Tax Sharing Arrangements Act has been amended to extend the increase made last year in the provincial share of personal income tax revenue.

A conference of dominion and provincial ministers of finance and provincial treasurers was held early this month at which it was agreed that a comprehensive study should be undertaken of the problems of intergovernmental financial and economic relations. A further meeting will be held next October. Meanwhile, reports on many of these questions are being prepared by the federal-provincial continuing committee of officials.

You have enacted a measure to authorize the payment of additional annual grants to Newfoundland in accordance with the scale contained in the report of the royal commission on Newfoundland finances appointed in fulfilment of the obligation of the government of Canada under the terms of union of Newfoundland with Canada.

You have enacted a measure to alleviate the discriminatory effects of the last horizontal increase in freight rates and an inquiry has been instituted into a broad range of railway problems.

Changes have been made in the Criminal Code, including an important provision respecting obscene literature.

After study of the subject by a committee, you have approved a measure for the humane slaughter of food animals.

You have signified your approval of a new international wheat agreement negotiated within the past few months. The agreement has since been accepted.

You have provided for the appointment of parliamentary secretaries to ministers of the crown.

The supplementary pensions for retired civil servants, members of the armed services and of the Royal Canadian Mounted Police, provided by appropriations last year, have been placed on a statutory basis.

Other measures enacted at this session include the act to approve the income tax convention with Finland, the C.N.R. Financing and Guarantee Act, a new Seeds Act, acts to confirm agreements with the provinces of Nova Scotia and New Brunswick respecting Indian reserves, an act to authorize the construction of a bridge across the Niagara river between Ontario and New York, an act to authorize the construction of a bridge across the Pigeon river between Ontario and Minnesota, and an act to repeal certain fisheries laws of Newfoundland respecting the exportation of salt fish.

You have also amended the St. Lawrence Seaway Authority Act, the Northwest Territories Act, the Farm Improvement Loan Act, the National Defence Act, the National Housing Act, the Trans-Canada Highway Act, the Old Age Security Act, the Fisheries Improvement Loans Act, the Public Servants Inventions Act, the Income Tax Act, the Customs Tariff, the Excise Act, the Excise Tax Act, the New Zealand Trade Agreement Act 1932, the Prime Minister's Residence Act, the Judges Act, the Prisons and Reformatories Act, the Length and Mass Units Act, the Weights and Measures Act, the Royal Canadian Mounted Police Act, the Royal Canadian Mounted Police Superannuation Act, the Public Lands Grants Act, and the Combines Investigation Act.

Members of the House of Commons:

I thank you for the provision you have made for the public services in the current fiscal year.

Honourable members of the Senate:

Members of the House of Commons:

I pray that divine Providence may continue to bless, protect and guide our nation.

This concluded the second session of the twenty-fourth parliament.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

C.B.C. FRENCH NETWORK—PROGRAMS AND EMPLOYEES

Question No. 236—**Mr. Rouleau:**

1. What was the amount lost by the French network of the Canadian Broadcasting Corporation in sponsored programs or otherwise, since December 29, 1958?
2. How many films have been purchased by the French network of the Canadian Broadcasting Corporation for presentation on television, since December 29, 1958?
3. From whom were such films purchased and for what amount in each case?
4. Who was entrusted with the protection of the employees who continued to work for the French network of the Canadian Broadcasting Corporation at Montreal?
5. What was the cost thereof?

Answer by: **Hon. George C. Nowlan (Minister of National Revenue):**

The Canadian Broadcasting Corporation advises as follows:

1. It is difficult to compute the amount lost, if any, to the French network in commercial revenue as this must be balanced against the saving in cancellation of live programs as well as in salaries and other factors during the period of the strike.

2 and 3. See answer to question No. 68, page 1581, House of Commons Debates, March 3, 1959.

4 and 5. See answer to question No. 65, page 4053, House of Commons Debates, May 26, 1959.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

254. General administration, $4,317,418.

255. Inspection, investigation and audit services, $4,211,855.

Ports—

256. Operation and maintenance, $29,740,118.

257. Construction or acquisition of buildings, works, land and equipment, $935,500.

Taxation division—

258. General administration, $3,415,300.

259. District offices, $29,792,055.

Tax appeal board—

260. Administration expenses, $110,700.

NATIONAL REVENUE

Taxation division—

550. General administration—to ratify payments totalling $24,171.52 made as salary to M. W. McA'Nulty in respect of the period from the 17th day of February, 1957, when he automatically ceased to be employed in the public service having attained 65 years of age, to the 17th day of May, 1959, when he ceased to render services to Her Majesty as if he had been employed; and he shall be deemed, for the purposes of the Public Service Superannuation Act, to have been employed in the public service during that period, $1.

BOARD OF BROADCAST GOVERNORS

42. Salaries and expenses of the board, $200,000.

Canadian Broadcasting Corporation—

43. Grant in respect of the net operating requirements, of the radio and television services, $58,404,000.

44. Grant for the capital requirements, including the replacement of existing capital assets, of the radio and television services, $9,197,000.

International shortwave broadcasting service—

45. Maintenance and operation including authority to credit to this appropriation revenue from the rental of facilties in the Radio-Canada building and at Sackville, N.B., to an amount of $331,500 and to re-expend these moneys for the purposes of the international service, $1,983,225.

46. Construction or acquisition of buildings, works, land and equipment, including supervision, $57,750.

LEGISLATION

The Speaker of the Senate—

174. Allowance in lieu of residence, $3,000.

175. General administration, $722,090.

LEGISLATION

House of Commons—

The Speaker of the House of Commons—

176. Allowance in lieu of residence, $3,000.

Deputy Speaker in the House of Commons—

177. Allowance in lieu of apartments, $1,500.

178. Allowance to the deputy chairman of committees, $2,000.

179. Expenses of the Canada-United States joint parliamentary committee, and the expenses of delegates to the interparliamentary union, $5,000.

180. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and to provide for the Canadian share of expenses of the commonwealth parliamentary association, $10,000.

181. Grant to the Canadian North Atlantic Treaty Organization parliamentary association, $14,000.

182. General administration — estimates of the clerk, $1,889,060.

183. Estimates of the sergeant-at-arms, $867,829.

184. Pension to the unmarried sister of the late Colonel Harry Baker M.P., $700.

Library of Parliament—

185. General administration, $353,845.

LEGISLATION

The Senate—

533. To authorize, notwithstanding anything contained in the Senate and House of Commons Act, payment to each member of the Senate who attended the first part of the second session of the twenty-fourth parliament which commenced on January 15, 1959, and ended on March 25, 1959, of an amount representing the transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 25, 1959, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the session, $6,500.

House of Commons—

534. Expenses of the Canada-United States joint parliamentary committee, and the expenses of an observer to the inter-parliamentary union—further amount required, $2,500.

535. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and the Canadian share of expenses of the commonwealth parliamentary association—further amount required, $1,000.

536. To authorize, notwithstanding anything contained in the Senate and House of Commons Act, payment to each member of the House of Commons who attended the first part of the second session of the twenty-fourth parliament which commenced on January 15, 1959, and ended on March 25, 1959, of an amount representing the transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on March 25, 1959, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the session, $21,000.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

A—Department—

238. Departmental administration, $1,601,785.

National health branch—

Health services, including assistance to the provinces—

239. Administration, $364,459.

240. Consultant and advisory services, $748,415.

241. Laboratory and advisory services, $1,917,266.

242. To authorize general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $62,969,175, $46,000,000.

Indian and northern health services—

243. Operation and maintenance, including grants to hospitals and other institutions which care for Indians and Eskimos, $20,729,052.

244. Construction or acquisition of buildings, works, land and equipment, $3,100,500.

245. Medical advisory, diagnostic, and treatment services, $4,699,622.

246. Administration of the Food and Drugs and the Proprietary or Patent Medicine Acts, $1,901,138.

247. Administration of the Opium and Narcotic Drugs Act, $226,469.

Welfare branch—

Family allowances and old age security—

248. Administration, $3,112,657.

Old age assistance, blind persons and disabled persons allowances—

249. Administration, $114,915.

General—

250. Grants to health and welfare and related organizations, as detailed in the estimates, $247,250.

General—

548. Grants to health and welfare and related organizations, as detailed in the estimates—further amount required, $60,000.

B—Civil defence—

251. Expenses of the civil defence program, $7,220,817.

PRIVY COUNCIL

303. Preparatory work, not within the fields of particular departments, on emergency defence measures, $175,000.

DEPARTMENT OF FINANCE

General administration—

106. Departmental administration, $2,461,599.

107. Comptroller of the treasury—central office and branch offices administration, $18,213,329.

Administration of various acts and costs of special functions—

108. Superannuation and Retirement Acts administration, $685,425.

109. The Bank Act—salaries and expenses of the inspector general of banks' office, $32,810.

110. Administration of the Farm Improvement Loans Act, the Veterans' Business and Professional Loans Act, the Fisheries Improvement Loans Act and the Prairie Grain Producers' Interim Financing Act, $101,530.

Tariff board—

111. Administration, $151,481.

Royal Canadian mint—

112. Administration, operation and maintenance, $1,187,135.

113. Construction or acquisition of equipment, $117,395.

114. Payments to the government of each province, in respect of income tax collected from corporations whose main business is the distribution to or generation for distribution to the public of electrical energy, gas or steam, of amounts computed in accordance with section 6 of The Tax Rental Agreements Act, 1952, as if the last two lines of subsection (1) of that section read as follows: " . . . ending on the thirty-first day of December, one thousand nine hundred and fifty-seven", $9,000,000.

Payments to municipalities—

115. Grants to municipalities in accordance with the Municipal Grants Act and Regulations made thereunder, $22,500,000.

Contingencies and miscellaneous—

116. Miscellaneous minor or unforeseen expenses, subject to the approval of the treasury board, including authority to re-use any sums repaid to this appropriation from other appropriations, and for special compensation or other rewards for inventions or practical suggestions for improvements, $1,500,000.

117. Telephone service at Ottawa for all departments, $1,326,200.

118. Losses incurred on foreign exchange tendered in payment of accounts receivable, $500.

General items of payroll costs including superannuation payments—

119. Government's contributions to pension plans for employees engaged locally outside Canada, $100,000.

120. To supplement other votes, subject to the approval of the treasury board, for the payment of salaries, wages and other paylist charges, $1,500,000.

121. Government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office, $900,000.

122. Government's contribution to the hospital insurance plan for certain persons while they are abroad and after their return to Canada, as authorized by vote 668 of the Appropriation Act No. 5, 1958, $55,000.

123. To authorize the payment of increases in allowances, pensions and annuities, in accordance with the pension increase regulations, 1958, made by the governor in council pursuant to vote 667 of the Appropriation Act No. 5, 1958: but the amounts of the increases shall be deemed not to be payments made pursuant to any of the acts or plan mentioned therein, $3,100,000.

University grants—

124. Payments to the national conference of Canadian universities (hereinafter called the "conference"), in accordance with the agreement entered into between the conference and the Minister of Finance on the 19th day of November, 1958, (hereinafter called the "original agreement") pursuant to Vote 541 of the Appropriation Act No. 1, 1957, and Vote 669 of the Appropriation Act No. 5, 1958; and when a new corporation comes into existence (incorporated for the purpose of receiving and disbursing such payments to institutions of higher learning) to authorize the payments to be made thereto, in lieu of to the conference, in accordance with an agreement to be entered into, with the approval of the governor in council, by the Minister of Finance with the conference and the new corporation, such agreement to provide, in addition to terms and conditions similar to the terms and conditions in the original agreement, including a provision that any amount payable to an institution of higher learning and not paid by the corporation in the relevant fiscal year may be retained by the corporation until such time as the institution to which the money is payable claims the payment from the corporation or parliament provides otherwise for the disposal thereof, for the transfer of amounts in the possession of the conference to the new corporation and for termination of the original agreement, $26,221,500.

Miscellaneous grants—

125. Canadian association of consumers, $10,000.

126. Institute of public administration of Canada, $6,000.

Supply—Items Passed

AUDITOR GENERAL'S OFFICE

41. Salaries and expenses of office, and to ratify payments totalling $11,728.15, made as salary to F. C. Wynne, Auditor 2, in respect of the period from the 9th day of October, 1955, when he automatically ceased to be employed in the public service having attained seventy years of age, to the 14th of March, 1958, when he ceased to render services to Her Majesty, as if he had been employed, $875,010.

Insurance—

148. Departmental administration, $694,441.

General administration—

511. Comptroller of the treasury—central office and branch offices administration—further amount required, $155,000.

General items of payroll costs including superannuation payments—

512. To supplement other votes, subject to the approval of the treasury board, for the payment of salaries, wages and other paylist charges—further amount required, $1,500,000.

513. Government's share of medical-surgical insurance premiums, determined on such bases and paid in respect of such persons (and their dependents) who hold offices or positions or perform services the remuneration for which is payable out of the consolidated revenue fund or by an agent of Her Majesty or who are contributors as defined in the Public Service Superannuation Act or who are members of the Canadian forces or the Royal Canadian Mounted Police as the governor in council prescribes, $3,500,000.

DEPARTMENT OF AGRICULTURE

Administration branch—

489. Economics division—to extend the purposes of vote 4 of the main estimates for 1959-60 to include the making of a grant in the amount of $400 to the Canadian agricultural economics society, $1.

Production and marketing branch—

490. Agricultural Stabilization Act administration—further amount required, $250,000.

491. Subsidies for cold storage warehouses under the Cold Storage Act in the amounts detailed in the estimates—further amount required, $193,010.

Dairy products division—

492. Grants and other assistance in accordance with the Cheese and Cheese Factory Improvement Act—further amount required, $235,674.

Fruit and vegetable division including maple products and honey—

493. Assistance in construction of potato warehouses under terms and conditions approved by the governor in council—further amount required, $125,900.

Health of animals division—

494. Contributions to the provinces, in accordance with regulations of the governor in council, of amounts not exceeding one-half of the amounts paid by the provinces to owners of animals that have died as a result of rabies since the first day of April, 1958, $125,000.

Livestock division—

495. Operation and maintenance—further amount required, $64,800.

496. Quality premiums on high grade hog carcasses and administration costs—further amount required, $936,000.

Plant products division—

497. Freight assistance on western feed grains—further amount required, $1,000,000.

498. Agricultural lime assistance—further amount required, $250,000.

499. Contributions to the governments of the provinces of Manitoba and Saskatchewan, in accordance with terms and conditions prescribed by the governor in council, of one-half the amounts paid by the governments of those provinces for transporting haying equipment, fodder and livestock, to and within those provinces on and after July 1, 1958, $35,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Citizenship—

500. Citizenship registration branch — further amount required, $121,780.

National gallery of Canada—

547. Administration, operation and maintenance—further amount required for the completion of the permanent Canadian pavilion at the Venice international biennale of art, $10,000.

DEPARTMENT OF LABOUR

A—Department—

General administration—

529. Departmental administration, including the expenses of the international labour conferences—further amount required, $11,700.

530. Annuities Act—to authorize the payment of interest, in the current and subsequent fiscal years, out of the government annuities account, at a rate determined from time to time by the governor in council, on moneys received on account of the purchase or the proposed purchase of an annuity under section 4 of the Government Annuities Act and which have been or are being refunded because they were not or are not so applied: the said interest to be compounded yearly and to be payable for the period commencing one month from the day on which the moneys were received by Her Majesty and ending on the day on which the refund was or is made, $1.

Special services—

531. To extend to the 31st day of May, 1959, the period in respect of which payments may be made to a province on winter work projects in municipalities as contemplated by vote 709 of the Appropriation Act No. 1, 1959, $1.00

B—Unemployment Insurance Commission—

532. Administration of the Unemployment Insurance Act—further amount required, $100,000.

END OF SESSION